

KWA SANI MUNICIPALITY



2009/2010

Annual Report

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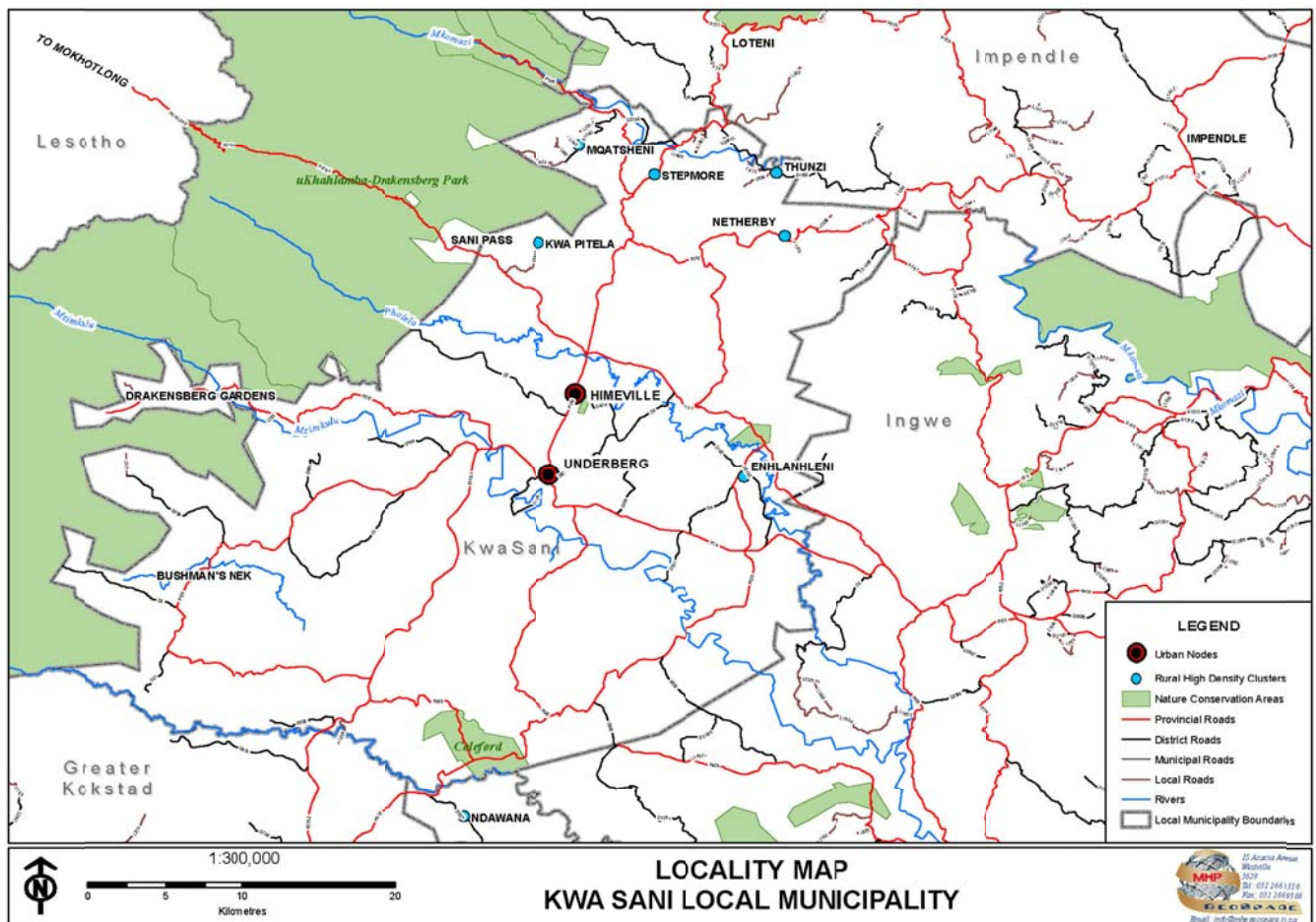
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OVERVIEW OF THE MUNICIPAL AREA

Kwa Sani Municipality is located within the Sisonke District Municipal area and is the gateway to the striking Southern Drakensberg, which borders the Ukhahlamba Park and a World Heritage Site. The municipality is bordered by the Umkhomazi Wilderness Area to the West, Greater Kokstad to the South West, Eastern Cape to the South, Ingwe Local Municipality to the East and Impendle Local Municipality to the North.

KWA SANI LOCALITY MAP



Due to its locality, the area is of outstanding natural beauty, abundant water supply and rich agricultural potential. The area is best known by its link with Lesotho via Sani Pass – a high tourist attraction.



Kwa Sani is strategically located and serves (commercially, agriculturally and tourism) not only its own urban and rural communities, but also those of neighbouring municipalities of Impendle, Umzimkulu, Greater Kokstad and to a certain degree the citizens of its neighbouring country, Lesotho.

The municipality is 1180 sq km's in extent. Again due to its location the terrain is very mountainous and the rural communities tend to be clustered, with the clusters being widely dispersed. The area comprises two urban areas, i.e. Underberg and Himeville, plus the following rural communities: Stepmore; Mqatsheni; Enhlanhleni; Ntwasahlobo; Netherby; Ridge; Kwa Pitela and Kwa Thunzi.

The Ukhahlamba Drakensberg World Heritage Site park forms the western edge of the municipality and the dual priorities of preserving the values of this international asset whilst simultaneously capitalising on its potential to yield developmental benefits for the regional population is a central component of developmental strategies for the area.

Settlement Pattern

The settlement pattern within the municipal area has been shaped through a complex mix of topographical, climatologically and historical factors, which have resulted in a structure that can broadly be summarised as follows:

- Ukhahlamba Drakensberg park – almost entirely uninhabited, steep and deeply incised mountain environments.
- Commercial agriculture and dispersed holiday resort areas, with low population densities and high economic production both in terms of agriculture and tourism
- High density rural settlements/townships which accommodate the bulk of the municipality's rural population in 5 higher density clusters
 - Stepmore
 - Netherby and Ridge
 - Mqatsheni
 - Enhlanhleni

These settlements owe their particular morphology to apartheid spatial engineering and the associated restriction on urban housing opportunities and access to commercial agricultural land. This being noted, these rural townships are not without economic potential both in terms of agricultural production and tourism sector developments and services

- The urban complex of Underberg and Himeville are located astride the rail route. The complex consists of two nodes – Himeville (small and essential residential) and Underberg which substantially larger and serves
 - Regional populace service needs
 - Commercial agriculture sector
 - Tourism enterprises
 - Transport sector
 - Lesotho



Institutional Arrangements

The council is Plenary Executive comprising 5 part time councillors. There are no wards. There are two female councillors and three male councillors.

Administrative and technical staff number 62 permanent members, 4 intern (financial) on a three year contract, 11 members on contract.

The structure of the organisation is contained in Annexure C of this document. There is currently one Section 57 employee, the other 2 senior managers being permanent employees.

A Work Skills Plan and Employment Equity Plan are in place as well as a Recruitment, Selection, Appointment, Transfer, Demotion and Promotion Policy, all of which are implemented.

Demographics

The following statistics were weaned from a Community Survey by Stats SA in October 2007. As the survey is based on random sample and not a census, any interpretation should be understood to have some random fluctuation in data.

Total Population	14 281
Males (as a percentage)	47.6
Females (as a percentage)	52.4

NB. Please note that the Census 2001 indicated that the total population was 15324.



FOREWORD BY THE MAYOR

It gives me great pleasure for me to introduce the annual report on the status of the Municipality for the financial year 2009/2010, which gives us the opportunity to take a serious introspection of our municipality in respect of our successes and challenges that we need to address and build on in pursuing our service delivery mandates for the ensuing years.

Whilst our municipality was faced with many challenges that inhibit our desire of improving the quality of life of our communities, remarkable achievements have been made in optimally utilizing the minimum financial and human resources at our disposal through public participation - to provide sustainable services.

Although Kwa Sani Municipality is a plenary type of municipality with only five Councillors, all of whom are part time, they have demonstrated commitment and dedication in performing their functions in a manner that is highly remarkable and exemplary. Such political coercion has been a contributing factor in the prevailing stability of the municipality, thus creating an environment that is conducive to good working order and also developmental in character. In our quest for service excellence it is our desire to provide community halls which will benefit the communities as well as councilors, who will take responsibility for ensuring their safety and their effective utilization by the communities.

A majority of our people is very poor and lives below the poverty datum line, and as such it is a focal point for our municipality's prioritized service delivery agenda. The municipality is in the process of devising mechanisms of accelerating growth in all its areas of jurisdiction with particular emphasis on poverty alleviation in rural communities, whilst at the same time acknowledging that the challenges of migration by local communities to other urban areas in search for better opportunities is depriving our communities of valuable skilled resources.

Another notable positive factor is the sound relations between Amakhosi, Councillors and officials of Kwa Sani, and I acknowledge their positive contributions. It is standard procedure to consult with them at all times on matters affecting them and impacting on them. The same applies to the farming community, who in fact are the biggest employer in our area.

To the Municipal Manager Mr Gwacela and his managers I would like to extend my appreciation for their leadership qualities and dedication to work which has been demonstrated by our achievement in attaining an unqualified Auditor-General's report for the 2008/2009 financial year.

MESSAGE FROM THE MUNICIPAL MANAGER

Warm greetings to all of you.

This is our third annual report as Kwa Sani Municipality and it gives me great pleasure to communicate with you again.

So much has happened from the time of the last report to now.

Our Municipality encountered some cash flow problems during the year – mainly due to non-payment of rates for various reasons, over-expenditure on some expense votes and under-achievement on some income votes. A likely cash crunch was foreseen in December 2009, and a number of steps were implemented soon thereafter in order to improve the cash flow situation.

It gives me great pleasure to report that the cash crunch which was anticipated for May and June 2010 was averted, and I thank all the officials and staff members who worked so hard in achieving the goals set in January 2010 in this regard. Also, towards the end of the financial year a new debt collection agent was appointed and the collection of old outstanding debts is expected to increase significantly from September 2010 onwards.

The KwaSani Municipality received R10.2 million from MIG during the year. This was utilized during the year to complete the building of community halls at kwa Pitela and kwa Thunzi and a Crèche at eMhlangeni. In addition the building of community halls at Netherby, Enhlanhleni, eMkhomazana and Ntwasahlobo was started. It gives me great pleasure to announce that we were able to spend or commit 100% of the allocation.

We also received R1.3 million grant funds for sports, and this money has been, and is being, spent on building sports fields at kwa Pitela.

Receiving an unqualified 2009 audit report was a good achievement. The challenge now is to sustain that, as well as further improving on financial management. We have approved and implemented our Service Delivery Budget Implementation Plan (SDBIP). A Performance Management System will be approved shortly and this will be used as a performance measurement tool for both officials and Council.

Internal audit - a service provider was appointed during the year, and two reports have been received and the matters raised are receiving attention.

We hope that by meeting these requirements we will eventually become compliant with legislations and also maximise service delivery to our communities.





OVERVIEW OF MUNICIPAL PERFORMANCE AND PLANNING & COMMUNITY SERVICES

Integrated Development Planning (IDP)

The Integrated Development Planning of the municipality is the Master Plan and influences any other planning processes that the municipality could embark on. The planning process is a clearly defined step by step process which is outwardly focused, performance orientated and goal driven. Kwa Sani Municipality has ensured within its limited capacity and resources that every reasonable measure to fulfil the desired objectives of the municipality as dictated upon by the IDP have been taken.

The approved IDP which is used as our barometer for measuring the extent by which we are satisfying the needs of our communities is a realistic document with largely achievable targets which, in the main, is based on input received from the community. The municipality has attempted to link in as far as possible with provincial and national strategic frameworks and millennium goals. The IDP reflects its information in the five Key Performance Areas, namely:

Institutional Capacity and Transformation

Service Delivery and Infrastructure

Local Economic Development

Democracy and Governance

Financial Management

IDP functions fall directly in the office of the Manager: Planning and Community Services with a clear focus on:

The day to day management of the IDP and all the complimentary processes involved

Ensuring stakeholder participation and public participation

Ensuring that the implementation of the IDP imperatives are not distorted and that they remain a true reflection of the needs of the communities

Overseeing the alignment and integrating of activities across all departments and also ensuring that such alignment cascades as far down the line as possible.

A more rigorous attempt was made to include communities and various organisations in the whole IDP process. A Public Participation Framework has been developed as well as a draft



Communication Strategy. Road Shows, IDP Forum meeting, notices and newspaper advertisements were tools used to inform the public about all matters related to the IDP. The municipality strives to improve its communication strategy on an ongoing basis.

Kwa Sani Municipality has serious constraints in terms of human and financial resources. However in executing its functions all appropriate mechanisms and procedures to ensure active participation of its communities and stakeholders were used through the planning stage.

During the review process the municipality reviewed its institutional arrangements, strengths and weaknesses, opportunities and threats. A review of the socio economic analysis was also undertaken. This presented itself as an opportunity for the municipality to conduct an honest introspection of its capacity to deliver on its mandates and obligations and to identify innovative ways of conducting its business in an endeavour to achieve its targets.

The municipality has huge potential to maximise its current economy by enhancing and improving infrastructure and its two core economies, agriculture and tourism. This can only be done though with the assistance of the district municipality and other sector departments.

A Spatial Development Framework, Budget and Financial Plan are also included in the IDP.

Analysis of the Spatial Development Framework (SDF)

The aim of the SDF is to promote sustainable, functional and integrated settlement patterns in order to discourage low density urban sprawls and to generate social and economic opportunities for people, as well as to promote easy access to those opportunities.

It further seeks to maximise resource efficiency by ensuring the protection of the available environmental resources within the municipality to control buffer zone development, whilst protecting productive land for agricultural purposes.

Kwa Sani takes pride in enhancing regional identity and the unique character of the place, whilst ensuring conformity with the neighbouring local, district and provincial spatial development frameworks.

The SDF requires review and the municipality intends to embark on developing a realistic integrated SDF and focus on implementation thereof.

Tourism

Kwa Sani is a leading tourist destination within the Sisonke District largely due to its location and proximity to the Southern Drakensberg and the World Heritage Site. The area offers:

Outstanding scenery and highland landscapes approaching the escarpment of the Ukhahlamba Drakensberg World Heritage Site

Some of South Africa's finest fly fishing venues on rivers, lakes and dams



Highly regarded holiday and leisure options with an abundance of activities for long stay and weekend getaway visitors

Increasing number of events for athletes, canoeists, mountain climbers, extreme sports, etc

Selection of culturally significant attractions to include San culture, the pioneering history of the area and other cultural/community sites such as the Reichenau Mission and Duma's grave

A stop off/touring option for rail tourism (a partnership with Ingwe Municipality)

A number of hospitality establishments offering overnight accommodation for the business sector

Avi-tourism

Sisonke Stemela Project – steam train bringing in tourists from Pietermaritzburg to Underberg for an overnight stay and returning to Pietermaritzburg

Some of the activities are mountain climbing, hiking, fly fishing, mountain biking, road cycling, canoeing, birding, golf, museum, horse riding, and wildlife viewing.

Every year the municipality hosts prestigious and popular events such as the Splashy Fen Music Festival, the Drakensberg Canoe Challenge, Sani 2 C ride, Golf Classics, polo competitions, Open Garden Show, 250 Drakensberg Cycle Challenge, etc.

During the 2009/10 financial year the municipality embarked on investigations into adding more cultural/heritage type tourism products and has commenced studies on including rural areas and communities in the industry.

Local Economic Development

In addressing the challenges that were observed by the MEC for Cooperative Governance and Traditional Affairs, on the 2009/2010 IDP; Kwa Sani Municipality has established a fully functional LED Unit. Since the establishment of this Unit a lot of progress has been observed and LED has finally been elevated to an acceptable standard.

This has allowed the Municipality to align its programmes with both Provincial and National Perspectives which have opened up opportunities for the local authority to attract other Government support, Private partnerships and Community participation in issues that affect LED.

In terms of addressing the key priorities as identified in the Medium Term Expenditure Framework (MTSF) Kwa Sani Municipality has embarked on research into Rural Development Opportunity Nodes (RDONs) that seek to identify the inherent development opportunities within the rural areas of Kwa Sani Municipality. The findings of these studies will be developed into bankable projects, which will enable the Municipality to direct its investment in such a manner



that; the private sector is able to leverage from this and unlock the opportunities in the rural areas thereby contributing to sustainable job creation and improved livelihoods.

The findings will also shape and direct Kwa Sani LED Strategy, which is being developed together with other critical Municipal plans that are aligned to the IDP objectives.

Other programmes of the Municipality in support of Local Economic Development include:

Agriculture Revitalisation programme: The programme seeks to incorporate rural based Subsistence Farmers into the value chain of agriculture. The programme is being implemented in partnership with Organised Established Farmers, Land Owners and other Sector Departments.

Local Bylaws Review: The Municipality is attempting to reduce regulation in order to improve the time it takes for business to establish. This is also relevant in the management and control of the second economy in terms of issuing street trading permits and better ways of managing informal activities.

SMMEs and Skills' Training in Tourism: The municipal area falls within a priority area for tourism development. The latter is declared as the most significant contributor to the economic growth and employment creation in the 21st century. There is no doubt that skills training in tourism targeted sectors will ensure that the municipal area is able to grow its tourism share of earnings. This will also lead to the transformation of the sector and allow the majority of the PDIs to control assets in this sector.

Planning & Community Services Report

This department is headed by Ms S McAlister who is directly accountable to the Municipal Manager. This department deals with a cross section of issues due to shortage of staff.

Departments reporting to Ms McAlister are:

Planning & Development

Technical Department

Protection Services

Tourism

Disaster Management

Community Services



This department is the nerve centre of the municipality, tasked with ensuring service delivery, economic development; development control and regional planning, law enforcement and community services such as libraries, etc.

The Head of this Department is a seasoned local government practitioner having gained experience over the past 9 years. Capacity constraints have manifested themselves as an opportunity for the municipality to explore new ways of conducting municipal business and of working smarter with an intention to produce more with less. The department continues to function despite capacity constraints, duties and responsibilities are shared amongst all staff, hence the emphasis on multi skilling. However the current status quo cannot be maintained indefinitely and as such there is a need to build the human resources capacity in all departments in order to meet the ever increasing demands for services by our communities.

It is envisaged that once the department is fully resourced, it will be able to deal expeditiously with all the governance and staff needs of the municipality and most importantly all compliance issues that assist the municipality in maintaining an unqualified audit report

During the past financial year the Kwa Sani Municipality has continued to focus on the implementation of the 2009/10 IDP. Despite a range of challenges the Municipality had a number of successes during the financial year. This section provides a brief overview of development implemented in the municipality during the 2009/10 financial year.

DEVELOPMENT OF COMMUNITY FACILITIES

During the past financial year the municipality provided communities with access to:

Two community halls;
A crèche; and
Six sports fields.

A further four community halls are currently under construction.

SMME DEVELOPMENT

In terms of SMME support a workshop was facilitated to inform small enterprises about registering on the municipal database and registration with SARS and CIDB. 11 SMMEs were assisted to register for Grade 1 GB and CE, 13 SMMEs were registered on the KSM database. A further 18 small business people were trained on tender processes, documentation and pricing, 23 people were trained in bricklaying, plumbing and electrician skills. With regard to the



Community Halls, 2 local SMMEs had subcontracting opportunities and 16 local people have been employed. 6 areas have been identified for pilot seed potato production. 53 street traders were registered and given permits and the municipality is currently investigating a Traders Infrastructure project. We were also fortunate enough to host the first Sisonke Stemela tour.

The housing project at Stepmore was completed (400 houses) and the Mkhomozana project (600 houses) is due for completion in November 2010.

HOUSING AND INFRASTRUCTURE DEVELOPMENT

The Kwa Sani Municipality continued to benefit from major infrastructure and housing development programmes of government. Importantly, the upgrading of the Sani Pass is progressing and is contributing to job creation in the Municipality. The Department of Housing and the Sisonke District Municipality were also active in the implementation of various projects in the Kwa Sani Municipality.

The Department of Human Settlements and the Sisonke District Municipality continued with the active implementation of rural housing upgrade projects and a total of 1 200 units have now been provided. An additional challenge for the municipality is, however, that the middle income housing stock, both in urban and rural settlements is extremely limited. This needs to be urgently addressed.

Land legal issues in terms of extending the two urban low income housing sites are frustrating progress, resulting in the mushrooming of shacks, causing congestion and health and safety issues. The municipality is actively addressing these issues.

FINANCIAL MANAGEMENT

The municipality also obtained an unqualified audit report for the 2009/10 financial year.





Accounting Policies have been consistently applied, except where indicated in the accounting policies.



Accordingly we have achieved a turnaround of R4.5m compared with 2009, and this is an outstanding achievement.

Audit required that a provision be made in 2009 for the rehabilitation of the refuse sites. The provision which was made is R1.4m, and the current estimated cost is still to be established. This provision remains but it is not completely cash-backed.

Actual Revenue and Expenditure for the year ended 30 June 2010

	2010 Actual Income		2010 Actual Expenditure		2010 Surplus (Deficit)
	R		R		R
Rates	7,345,228		-		7,345,228
Finance and Administration	12,962,609		8,657,629		4,304,980
Executive and Council	-		3,481,216		(3,481,216)
Public Safety	35,100		1,817,164		(1,782,064)
Road Transport	141,500		583,714		(442,214)
Community and Social Services	2,238		211,370		(209,132)
Waste Management	1,736,207		1,591,624		144,583
Other (Works)	450,682		3,873,958		(3,423,276)
Planning and Development	127,629		1,117,547		(989,918)
Tourism	-		387,343		(387,343)
Government Grants for capital expenditure	8,312,966		-		8,312,966
Housing Projects	21,331,974		21,331,974		-
TOTAL	52,446,133		43,053,539		9,392,594



HUMAN RESOURCES

Human Resources is still a very young function. In the past it was just a function and there were no policies and procedures in place.

We are now proud that this function has grown and is doing its best under the circumstances to provide Human Resources services to all departments. Over the years a lot has changed. We have Human Resources policies and procedures that have been approved by the council. We have also conducted a skills audit throughout the municipality.

Our Human Resources Strategic Plan reflects a new focus and drive for effective delivery around those interventions which we believe:

- Will make us the employer of first choice
- Will make us a learning organization
- Will build a better internal client ethics.

1. Current Situation (SWOT ANALYSIS)

Strength

- Good human resources communication
- Extensive human resources policies and procedures.
- Labour relations stability.

Opportunities

- Employee loyalty to the area
- Reputation of being a crime free area
- Retirement tranquil may attract property development sector.
- Being one of the best employer people wish to work for in the area.

Weaknesses

- Non enforcement of retirement policy
- Not up to date contracts of employments.
- Lack of integrated payroll and leave management system.
- Lack of employee retention policy

Threats

- HIV/Aids impact on a limited labour Market pool.
- Residents immigrating to other areas in search of greener pastures.
- Scarcity of critical skills i.e. qualified engineers and financial managers





Our new approach in Human Resources.

Is to adopt new approach and culture through which Human Resources provides support to client Departments.

- From now on, we will cultivate a culture of all Departments being treated as internal clients Department.
- Employees will be regarded as Individual internal clients.
- Trade unions will be regarded as stakeholders.

Our Strategic Pillars are as follows:

See the table below

Table 1:

Strategic Pillar	Objectives	Enablers
SP1: Recruitment & Retention Aim: To become an employer of choice; to design and implement recruitment, retention interventions which support service delivery. Underlying principle: Pay and reward are vital in building our ability to recruit, retain and motivate	<ul style="list-style-type: none"> • To promote KwaSani Municipality as an employer of choice in the area by creating working environment that attracts and retains scarce skills and experienced staff. • To collect and analyse management information on recruitment and related issues to inform our HR strategies and enable managers to make informed decisions about workforce planning linked to IPD strategic objectives. • To carry out regular staff surveys and act on the results. • To support the further development and embedding of an integrated approach to performance 	<ul style="list-style-type: none"> • Recruitment and selection policy. • Retention policy.

staff.	<p>management, starting with a review of recruitment and selection</p> <ul style="list-style-type: none"> To determine a new strategic approach to pay and reward for Municipality, which underpins transparent, equitable and flexible pay arrangements for scarce skills, in line with Municipality's needs, market rates, equal pay and good practice: that there are Municipality-wide arrangements for monitoring and evaluating the impact of reward strategies, to ensure fairness and reduce risk. 	
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Table 2

Strategic Pillar	Objectives	Enablers
<p>SP2: Human Resources Planning</p> <p>Aim: To ensure that HR plans for workforce required to enable service delivery.</p> <p>Underlying Principle:</p>	<ul style="list-style-type: none"> To enhance human resource planning capability across the Municipality to facilitate innovation in the development of new roles and new ways of working for the future. To actively promote workforce diversity, through detailed Affirmative Action, enhanced data analysis, impact assessment and internal and external benchmarking. To provide HR reports on a wide range of statistical indicators of 	<ul style="list-style-type: none"> Management decisions

Right people in the right jobs at the right time.	<p>people management across the organization.</p> <ul style="list-style-type: none"> To develop effective workforce planning, talent management and succession planning. 	
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Table 3:

Strategic Pillar	Objectives	Enablers
<p>SP3: People Development</p> <p>Aim: To offer a wide range of development provision, enabling staff to gain the skills, competences and experience necessary to contribute to the attainment of individual, team, and organisational strategic objectives</p>	<ul style="list-style-type: none"> To implement staff development provision, appraisal, competence/behavioural frameworks, coaching and other support to enhance staff performance. To equip staff to fulfill current responsibilities, and enable them to adapt to future changes. To ensure that staff development provision is aligned with service delivery, working closely with colleagues across the Municipality to develop, deliver and monitor impact. To improve leadership and management capability, recognising 	<ul style="list-style-type: none"> Training and development policy. Performance Management System Policy Remuneration Policy. Benefits Policy.

<p>and expectations.</p> <p>Underlying principle: Organisational performance is the aggregate of individual performance.</p>	<p>the critical roles of low level employees in service delivery.</p> <ul style="list-style-type: none"> • To support excellence in staff performance by ensuring close integration with strategies linking development, reward and career progression. • To implement robust mechanisms to evaluate and assess the impact of staff development provision on institutional performance and calculate the return on investment, benchmarking against other Municipality. • To review the nature and content staff development provision on an ongoing basis to ensure that it is aligned to meet evolving organisational need. 	
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Table 4:

Strategic Pillar	Objectives	Enablers
<p>SP4: Learning Organisation</p> <p>Aim: To encourage a culture of learning and innovation for service delivery through enhanced</p>	<ul style="list-style-type: none"> • To ensure that Municipality is fit for purpose through the development of a strategic approach to organisational development and business improvement using an evidence-based approach to assessing the 	<ul style="list-style-type: none"> • Council resolutions/management committee decisions.

<p>organisational development, change management capabilities; encourage staff involvement in decision-making.</p> <p>Underlying principle: Learning is a lifelong engagement.</p>	<p>impact of our interventions on organisational performance.</p> <ul style="list-style-type: none"> To identify and develop staff for the future through effective talent management and succession planning strategies, enhancing our capability for service delivery To support managers in consulting and involving staff to enable them to participate in initiatives aimed at finding new way of doing work. To embed equality and diversity in the organisational culture and incorporate them as a standard element of the strategic planning process. To engage trade unions to support effective change management. 	
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Table 5:

Strategic Pillar	Objectives	Enablers
<p>SP5: Performance Management</p> <p>Aim: To embed a high performance culture through an integrated approach to</p>	<ul style="list-style-type: none"> To modernise, streamline and harmonise all performance management policies to optimise the organisational benefits. To develop a conflict resolution strategy, incorporating mediation 	<ul style="list-style-type: none"> Performance management system.



<p>Performance and focused people development.</p> <p>Underlying principle: What you can't measure, you can't manage.</p>	<p>and other tools to facilitate speedy and effective resolution of problems, issues and concerns.</p> <ul style="list-style-type: none"> • To develop Performance Management system that applies throughout the Municipality to inculcate a culture of high performance. • To support managers in managing and monitoring performance of their subordinates. • To promote appraisal, competence assessment, objective setting and development planning, setting out clear expectations and objectives linked to the Municipality's objectives. • To enhance the support and development offered to staff and managers on performance management. 	
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Table 6:

Strategic Pillar	Objectives	Enablers
<p>SP6: Work-life Balance</p> <p>Aim: To increase employee productivity by promoting an environment where employee's private life converges with work life.</p> <p>Underlying principle: Work-life balance programmes and activities increases employees quality of life thus work productivity.</p>	<ul style="list-style-type: none"> • To promote initiatives which support and encourage staff to achieve a reasonable work/life balance to achieve increases in individual productivity, accountability and commitment, better teamwork and communication, improved morale and less negative organizational stress. • To improve the Municipality's sickness policy to support improved reporting, monitoring and interventions of sickness absence and to manage performance more effectively. • To develop and implement occupational health and safety plan which identifies municipality's priorities in managing health and safety, embedding good practice and complying with legislation. • To develop the municipality as a healthy organisation by promoting the health and wellbeing of staff and improving people management practices across the Municipality. • To identify, promote and support 	<ul style="list-style-type: none"> • Employee Assistance Programme policy. • Health and Safety Policy.

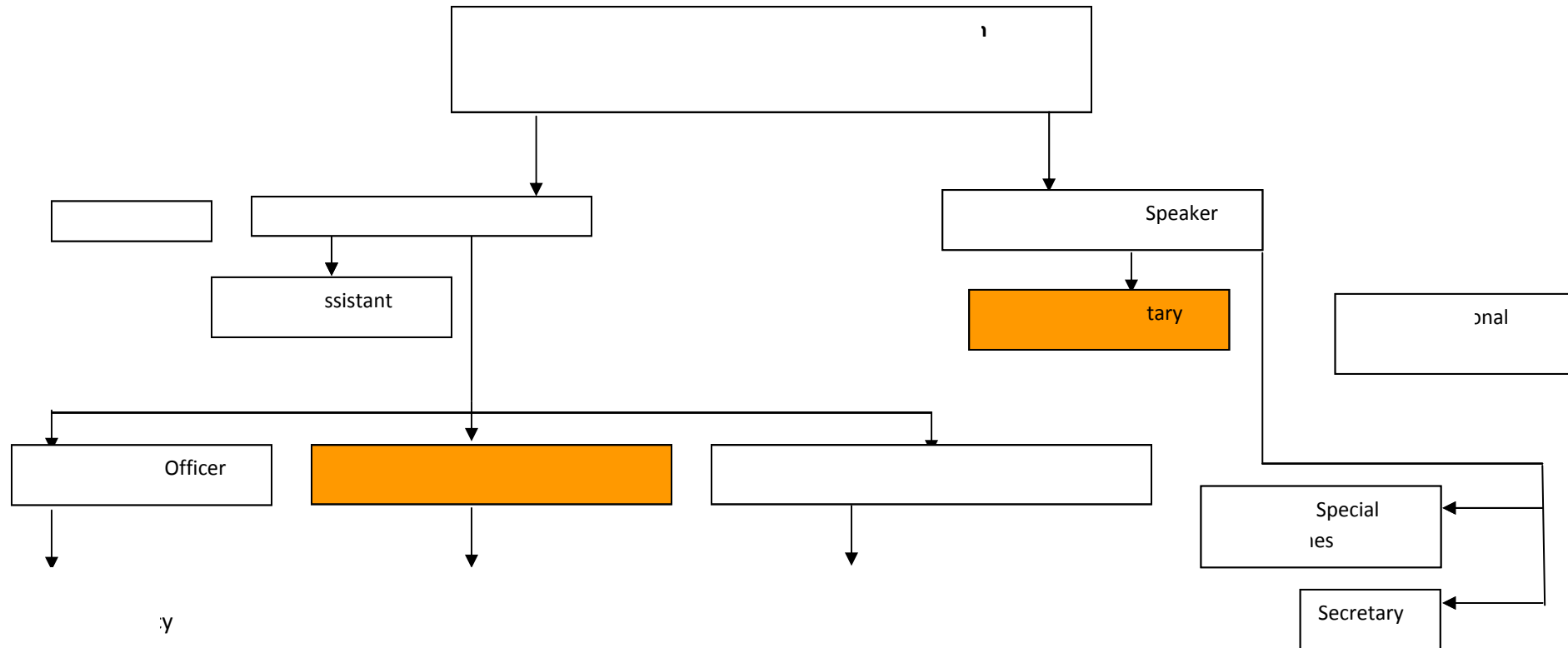
	<p>effective approaches and interventions for the prevention of stress and other occupational diseases and injuries.</p> <ul style="list-style-type: none"> To develop a clear action plan for the implementation of measures that recognise the importance of promoting health, safety and wellbeing of employees. 	
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Table 7:

Strategic Pillar	Objectives	Enablers
<p>SP7: Workplace Transformation</p> <p>Aim: To create an environment that assists the municipality to implement transformation in the workplace.</p> <p>Underlying principles: Workplace transformation is an organisational imperative not a compliance issue.</p>	<ul style="list-style-type: none"> To promote the constitutional rights of equality; To encourage participative workplace democracy; To eliminate all forms of unfair discrimination in employment in the workplace. To achieve a diverse workforce that is representative of the people of KwaSani in particular and KwaZulu- Natal in general. Implement policies to address any under-representation of particular groups in our recruitment, retention, promotion policies. 	<ul style="list-style-type: none"> Employment Equity Act. Skills Development Act. National constitution. Recruitment & Selection Policy. Affirmative Action Policy.



FUNCTIONAL ORGANOGRAM



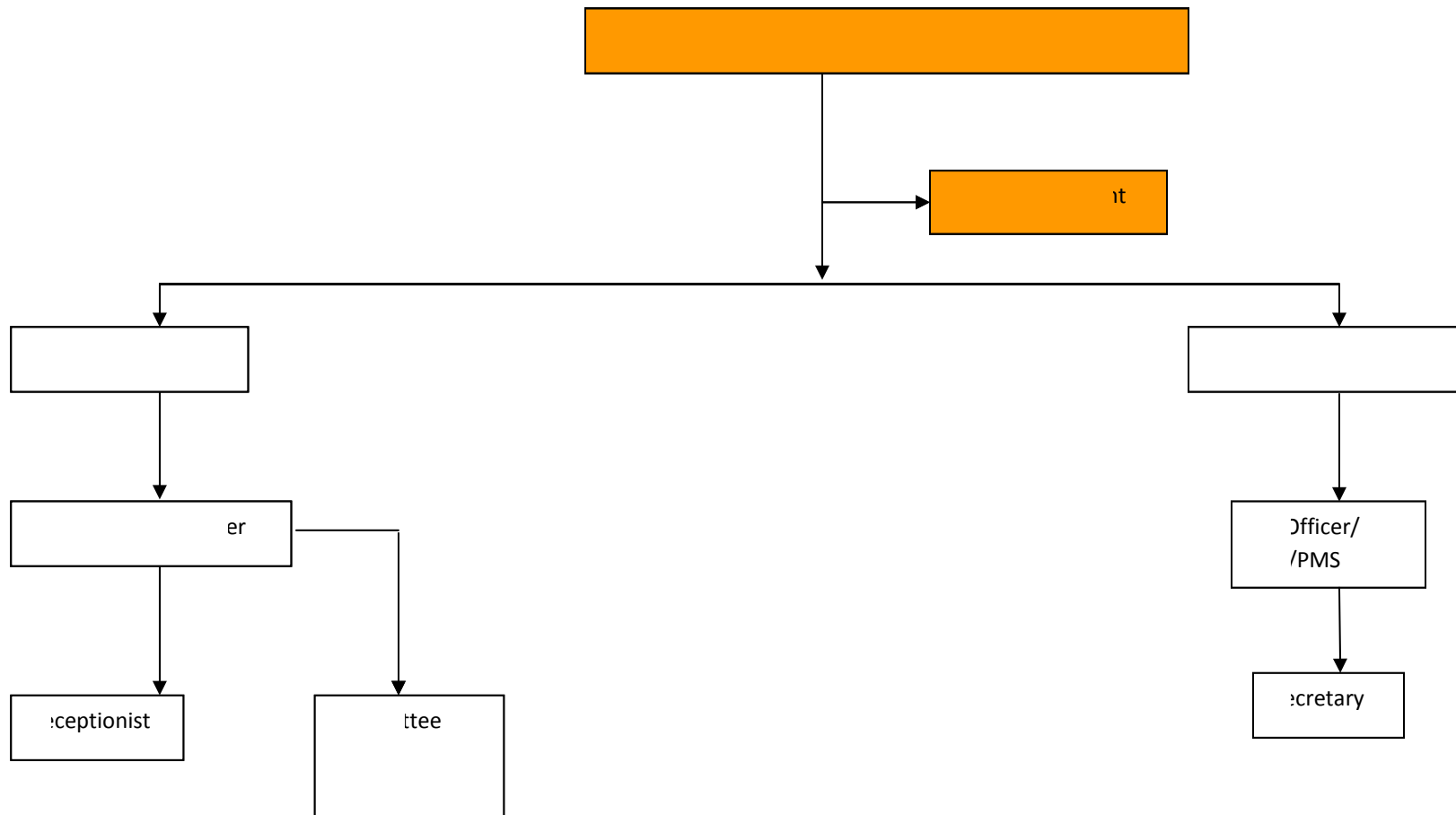
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OPERATING BUDGET – 2009/2010

			Budget 2009/10
Main Vote	:	100 FINANCE & ADMINISTRATION	
Sub-section	:	30 EMP RELATED COSTS - WAGES	
1 100 3000		SALARY	1 902 153
1 100 3002		ANNUAL BONUS	158 513
1 100 3007		OVERTIME	50 823
1 100 3008		HOUSING ALLOWANCE	16 488
1 100 3009		ACTING ALLOWANCE	0
Sub-section	Total:		2 127 977
Sub-section	:	31 EMP RELATED COSTS - SOCIAL	
1 100 3100		MEDICAL AID CONTRIBUTIONS	79 044
1 100 3101		PENSION FUND CONTRIBUTIONS	203 418
1 100 3102		BARGAINING COUNCIL	580
1 100 3103		UIF	15 564
1 100 3105		SKILLS DEVELOPMENT LEVY	21 280
Sub-section	Total:		319 886
Sub-section	:	37 DEPRECIATION	
1 100 3700		DEPRECIATION	187 160
Sub-section	Total:		187 160
Sub-section	:	38 REPAIRS & MAINTENANCE	
1 100 3800		OFFICE BUILDING	7 000
1 100 3801		OFFICE FURNITURE & FITTINGS	1 400
1 100 3815		OFFICE MACHINES	5 000
Sub-section	Total:		13 400
Sub-section	:	44 GENERAL EXPENSES	
1 100 4407		SECURITY	112 000
1 100 4409		SUBSISTENCE & TRAVEL	200 000
1 100 4410		SUNDRY	4 082
1 100 4422		CONFERENCES	0
1 100 4423		ELECTRICITY	67 440
1 100 4425		FAX	12 000



1 100 4426	PHOTOCOPIER	85 000
1 100 4427	PRINTING	180 000
1 100 4428	STAFF TRAINING	20 000
1 100 4429	TELEPHONE	250 000
1 100 4430	WATER	2 000
1 100 4435	CONSUMABLES	15 000
1 100 4436	POSTAGE	45 000
1 100 4446	BANK CHARGES	45 000
1 100 4447	ADVERTISING	20 000
1 100 4457	COMPUTER COSTS	20 000
1 100 4461	FREE BASIC SERVICES	106 640
1 100 4462	SALGA KZN	30 000
1 100 4464	MPRA	175 000
1 100 4465	MAP	0
1 100 4476	MFMA Expense	2 380 000
	CAPACITY BUILDING	160 000
1 100 4478	PROJECT CONSOLIDATE	0
1 100 4480	MSIG EXPENSE	735 000
1 100 4483	STATIONERY	70 000

Sub-section Total: **4 734 162**

Sub-section : 45 PROVISIONS

1 100 4551	AUDIT FEES	350 000
	DEFICIT	450 000
1 100 4552	ASSET FINANCING FUND	165 650
	LEAVE PROVISION	51 395

Sub-section Total: **1 017 045**

E/R/I Sub -total: **8 399 630**

Sub-section : 10 REVENUE

1 100 1007	COMMUNITY & SOCIAL SERVICES	-15 745
1 100 1008	OTHER	-192 848
1 100 1009	PLANNING & DEVELOPMENT	-40 735
1 100 1010	PUBLIC SAFETY	-97 255
1 100 1011	ROAD TRANSPORT	-40 111
1 100 1013	WASTE MANAGEMENT	-96 410

Sub-section Total: **-483 104**



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2009/2010

Sub-section	GRANTS RECEIVED	
1 100 1610	GOVERNMENT EQUITABLE SHARE	-6 891 812
1 100 1611	MAP	0
1 100 1612	MPRA	0
1 100 1613	MUN FIN MANAGEMENT GRANT	-2 500 000
1 100 1616	MSIG GRANT	-735 000
1 100 1621	PROJECT CONSOLIDATE	0
	PROPERTY RATES	-175 000
	CAPACITY BUILDING	-160 000
1 100 1628	FREE SERVICES GRANT	0
Sub-section	Total:	-10 461 812
Sub-section	: 17 OTHER REVENUE	
1 100 1701	DISCOUNT RECEIVED	-743
1 100 1703	SUNDRY INCOME	-29 736
1 100 1704	SKILLS LEVY INCOME	-21 240
1 100 1705	VALUATION ROLLS	-178
1 100 1706	LEGAL FEES INCOME	-4 556
Sub-section	Total:	-56 453
Sub-section	: 20 PROPERTY RATES	
		-13 430
1 100 2000	GENERAL RATES	378
1 100 2001	GENERAL RATES REBATE	6 054 746
1 100 2002	RATES CERTIFICATES	-4 100
Sub-section	Total:	-7 379 732
Sub-section	: 35 PENALTY	
1 100 3500	PENALTY	-251 000
1 100 3501	COLLECTION CHARGES	-122 909
Sub-section	Total:	-373 909
Sub-section	: 70 RENTALS	
1 100 7000	RENTALS	-282 718
Sub-section	Total:	-282 718



Sub-section	:	80 INTEREST RECEIVED	
1 100 8000		INTEREST ON INVESTMENTS	-824 037
Sub-section	Total:		-824 037
E/R/I Sub	-total:		-19861765
Main Vote	Total:		-11462135
Main Vote	:	110 EXECUTIVE & COUNCIL	
Sub-section	:	30 EMP RELATED COSTS - WAGES	
1 110 3000		SALARY	973 414
1 110 3002		ANNUAL BONUS	29 080
1 110 3005		PERFORMANCE BONUS	0
1 110 3007		OVERTIME	5 228
Sub-section	Total:		1 007 722
Sub-section	:	31 EMP RELATED COSTS - SOCIAL	
1 110 3100		MEDICAL AID CONTRIBUTIONS	6 781
1 110 3102		BARGAINING COUNCIL	166
1 110 3103		UIF	3 760
1 110 3105		SKILLS DEVELOPMENT LEVY	3 833
Sub-section	Total:		14 540
Sub-section	:	34 REMUNERATION OF COUNCILLORS	
1 110 3400		COUNCILLOR ALLOWANCES	874 399
1 110 3403		CELLPHONE ALLOWANCES	55 345
1 110 3404		TRANSPORT ALLOWANCES	291 465
Sub-section	Total:		1 221 209
Sub-section	:	36 BAD DEBTS	
1 110 3600		BAD DEBTS	536 470
Sub-section	Total:		536 470
Sub-section	:	37 DEPRECIATION	
1 110 3700		DEPRECIATION	34 813
Sub-section	Total:		34 813



Sub-section	:	38 REPAIRS & MAINTENANCE	
1 110 3807		VEHICLES	13 000
Sub-section	Total:		13 000
Sub-section	:	44 GENERAL EXPENSES	
		AUDIT COMMITTEE	120 000
1 110 4402		DEEDS RETURNS	2 500
1 110 4403		FUEL & OIL	50 000
1 110 4405		INSURANCES	250 000
1 110 4406		LEGAL FEES	120 000
1 110 4407		SECURITY	50 000
1 110 4408		SUBSCRIPTIONS	3 000
1 110 4409		SUBSISTENCE & TRAVEL	80 000
1 110 4410		SUNDRY	3 000
1 110 4411		SPECIAL & YOUTH PROGRAMS	100 000
1 110 4412		TELEVISION SERVICE	3 500
1 110 4414		VALUATION FEE	0
1 110 4415		WORKMANS COMPENSATION	38 000
1 110 4416		VEHICLE LEASE	0
1 110 4417		CATERING COSTS	40 000
1 110 4432		LOGGING / LANDSCAPING	5 000
1 110 4477		VEHICLE TRACKING	0
1 110 4482		PUBLIC PARTICIPATION	100 000
1 110 4492		YOUTH DESK	50 000
1 110 4493		LOCAL ECONOMIC DEVELOPMENT	50 000
Sub-section	Total:		1 065 000
Sub-section	:	45 PROVISIONS	
1 110 4550		LEAVE PROVISION	31 842
Sub-section	Total:		31 842
E/R/I Sub	-total:		3 924 597
Main Vote	Total:		3 924 597
Main Vote	:	200 PUBLIC SAFETY	
Sub-section	:	30 EMP RELATED COSTS - WAGES	
1 200 3000		SALARY	132 372
1 200 3002		ANNUAL BONUS	11 031
1 200 3007		OVERTIME	78 955



Sub-section	Total:	222 358
Sub-section :	31 EMP RELATED COSTS - SOCIAL	
1 200 3100	MEDICAL AID CONTRIBUTIONS	7 016
1 200 3101	PENSION FUND CONTRIBUTIONS	0
1 200 3102	BARGAINING COUNCIL	83
1 200 3103	UIF	2 224
1 200 3105	SKILLS DEVELOPMENT LEVY	2 246
Sub-section	Total:	11 569
Sub-section :	37 DEPRECIATION	
1 200 3700	DEPRECIATION	46 512
Sub-section	Total:	46 512
Sub-section :	38 REPAIRS & MAINTENANCE	
1 200 3802	BUILDINGS & STRUCTURES	10 000
1 200 3804	EQUIPMENT	7 000
1 200 3807	VEHICLES	15 000
Sub-section	Total:	32 000
Sub-section :	39 INTEREST	
1 200 3900	INTEREST PAID	6 000
Sub-section	Total:	6 000
Sub-section :	44 GENERAL EXPENSES	
1 200 4401	DISASTER MANAGEMENT	414 469
1 200 4403	FUEL & OIL	100 000
1 200 4404	FURNITURE & EQUIPMENT	0
1 200 4407	SECURITY	0
1 200 4408	SUBSCRIPTIONS	10 000
1 200 4409	SUBSISTENCE & TRAVEL	25 000
1 200 4410	SUNDRY	4 000
1 200 4416	VEHICLE LEASE	96 636
1 200 4420	COMMUNITY WATCH RELOCATION	0
1 200 4421	ADMINISTRATION	97 255
1 200 4422	CONFERENCES	0
1 200 4427	PRINTING	2 000
1 200 4428	STAFF TRAINING	12 000



1 200 4433	PROTECTIVE CLOTHING	20 000
1 200 4435	CONSUMABLES	4 500
1 200 4438	EQUIPMENT HIRE	5 000
1 200 4443	FIRE SERVICES	804 466
1 200 4444	RADIO EXPENSES	3 000
1 200 4445	UNIFORMS	10 000
1 200 4477	VEHICLE TRACKING	
1 200 4483	STATIONERY	7 000
	RE ESTABLISHMENT OF LEARNERS LICENSE AGENCY	100 000
1 200 4489	VEHICLE LICENSES	900
1 200 4490	ROAD SIGNS	0

Sub-section Total: **1 716 226**

Sub-section : 45 PROVISIONS

1 200 4550 LEAVE PROVISION 3 693

Sub-section Total: **3 693**

E/R/I Sub -total: **2 038 358**

Sub-section : 13 FINES

1 200 1300 FINES -200 630

Sub-section Total: **-200 630**

Sub-section : 17 OTHER REVENUE

1 200 1702 LEARNERS LICENCES -300 000

1 200 1704 SKILLS LEVY INCOME -12 600

Sub-section Total: **-312 600**

E/R/I Sub -total: **-513 230**

Main Vote Total: **1 525 128**

Main Vote : **210 ROAD TRANSPORT**

Sub-section : 30 EMP RELATED COSTS - WAGES

1 210 3000 SALARY 238 615

1 210 3002 ANNUAL BONUS 19 885

1 210 3007 OVERTIME 31 037

Sub-section Total: **289 537**



Sub-section	:	31 EMP RELATED COSTS - SOCIAL	
1 210 3100		MEDICAL AID CONTRIBUTIONS	28 380
1 210 3101		PENSION FUND CONTRIBUTIONS	51 020
1 210 3102		BARGAINING COUNCIL	166
1 210 3103		UIF	2 895
1 210 3105		SKILLS DEVELOPMENT LEVY	2 895
Sub-section	Total:		85 356
Sub-section	:	37 DEPRECIATION	
1 210 3700		DEPRECIATION	2 117
Sub-section	Total:		2 117
Sub-section	:	38 REPAIRS & MAINTENANCE	
1 210 3811		ROADS	383 000
1 210 3813		TAXI RANK	10 000
Sub-section	Total:		393 000
Sub-section	:	39 INTEREST	
1 210 3900		INTEREST PAID	131 792
Sub-section	Total:		131 792
Sub-section	:	44 GENERAL EXPENSES	
1 210 4407		SECURITY	0
1 210 4409		SUBSISTENCE & TRAVEL	5 000
1 210 4410		SUNDRY	1 000
1 210 4421		ADMINISTRATION	40 111
1 210 4423		ELECTRICITY	6 796
1 210 4425		FAX	7 000
1 210 4426		PHOTOCOPIER	11 000
1 210 4427		PRINTING	1 000
1 210 4428		STAFF TRAINING	5 000
1 210 4429		TELEPHONE	10 000
1 210 4430		WATER	20 000
1 210 4435		CONSUMABLES	1 300
1 210 4452		CARD PRODUCTION FACILITY	0
1 210 4456		STORMWATER DRAINAGE	30 000
Sub-section	Total:		138 207



Sub-section	:	45 PROVISIONS	
1 210 4550		LEAVE PROVISION	3 429
Sub-section	Total:		3 429
E/R/I Sub	-total:		1 043 438
Sub-section	:	17 OTHER REVENUE	
1 210 1704		SKILLS LEVY INCOME	-5 250
1 210 1714		LICENCE CONVERSION	-64 516
1 210 1715		MV LICENCES	-164 205
1 210 1724		TAXI PERMITS	-2 600
1 210 1732		ROAD ENDOWMENT	-2 100
Sub-section	Total:		-238 671
E/R/I Sub	-total:		-238 671
Main Vote	Total:		804 767
Main Vote	:	300 COMMUNITY & SOCIAL SERVICES	
Sub-section	:	30 EMP RELATED COSTS - WAGES	
1 300 3000		SALARY	132 639
1 300 3002		ANNUAL BONUS	11 053
1 300 3006		CASUAL LABOUR	0
1 300 3007		OVERTIME	36 188
Sub-section	Total:		179 880
Sub-section	:	31 EMP RELATED COSTS - SOCIAL	
1 300 3101		PENSION FUND CONTRIBUTIONS	12 485
1 300 3102		BARGAINING COUNCIL	124
1 300 3103		UIF	1 799
1 300 3105		SKILLS DEVELOPMENT LEVY	1 799
Sub-section	Total:		16 207
Sub-section	:	37 DEPRECIATION	
1 300 3700		DEPRECIATION	21 269
Sub-section	Total:		21 269



Sub-section	:	38 REPAIRS & MAINTENANCE	
1 300 3800		OFFICE BUILDING	50 000
1 300 3801		OFFICE FURNITURE & FITTINGS	5 000
Sub-section	Total:		55 000
Sub-section	:	44 GENERAL EXPENSES	
1 300 4407		SECURITY	7 000
1 300 4409		SUBSISTENCE & TRAVEL	15 000
1 300 4410		SUNDRY	1 400
1 300 4421		ADMINISTRATION	15 745
1 300 4422		CONFERENCES	0
1 300 4423		ELECTRICITY	18 000
1 300 4425		FAX	2 000
1 300 4426		PHOTOCOPIER	17 000
1 300 4427		PRINTING	500
1 300 4428		STAFF TRAINING	2 500
1 300 4429		TELEPHONE	3 000
1 300 4430		WATER	2 000
1 300 4435		CONSUMABLES	1 500
1 300 4483		STATIONERY	1 500
1 300 4484		LIBRARY BOOKS & PUBLICATIONS	6 000
Sub-section	Total:		93 145
Sub-section	:	45 PROVISIONS	
1 300 4550		LEAVE PROVISION	3 233
Sub-section	Total:		3 233
E/R/I Sub	-total:		368 734
		I Income	
Sub-section	:	17 OTHER REVENUE	
1 300 1704		SKILLS LEVY INCOME	-2 625
1 300 1718		HALL HIRE	-2 124
1 300 1719		BURIAL FEES	-1 805
1 300 1720		CEMETARY FEES	-956
Sub-section	Total:		-7 510
E/R/I Sub	-total:		-7 510
Main Vote	Total:		361 224



Main Vote	:	310 ELECTRICITY	
Sub-section	:	44 GENERAL EXPENSES	
1 310 4468		STREET LIGHTS-UND & HMV	90 987
Sub-section	Total:		90 987
E/R/I Sub	-total:		90 987
Main Vote	Total:		90 987
Main Vote	:	400 WASTE MANAGEMENT	
Sub-section	:	30 EMP RELATED COSTS - WAGES	
1 400 3000		SALARY	331 514
1 400 3002		ANNUAL BONUS	27 626
1 400 3006		CASUAL LABOUR	0
1 400 3007		OVERTIME	0
Sub-section	Total:		359 140
Sub-section	:	31 EMP RELATED COSTS - SOCIAL	
1 400 3101		PENSION FUND CONTRIBUTIONS	36 229
1 400 3102		BARGAINING COUNCIL	290
1 400 3103		UIF	3 591
1 400 3105		SKILLS DEVELOPMENT LEVY	3 591
Sub-section	Total:		43 701
Sub-section	:	37 DEPRECIATION	
1 400 3700		DEPRECIATION	105 088
Sub-section	Total:		105 088
Sub-section	:	38 REPAIRS & MAINTENANCE	
1 400 3804		EQUIPMENT	2 000
1 400 3807		VEHICLES	25 000
1 400 3808		DUMP	5 000
1 400 3810		TRACTORS & TRAILERS	35 000
Sub-section	Total:		67 000
Sub-section	:	39 INTEREST	



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2009/2010

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Sub-section	Total:		-46 825
Sub-section	:	90 TARIFF INCOME	
1 400 9000		SERVICE CHARGE	-1 704 666
Sub-section	Total:		-1 704 666
E/R/I Sub	-total:		-1 820 766
			-8 919
Main Vote	Total:		
Main Vote	:	500 OTHER	
Sub-section	:	30 EMP RELATED COSTS - WAGES	
1 500 3000		SALARY	1 679 861
1 500 3002		ANNUAL BONUS	139 988
1 500 3006		CASUAL LABOUR	0
1 500 3007		OVERTIME	0
Sub-section	Total:		1 819 849
Sub-section	:	31 EMP RELATED COSTS - SOCIAL	
1 500 3101		PENSION FUND CONTRIBUTIONS	269 832
1 500 3102		BARGAINING COUNCIL	1 325
1 500 3103		UIF	17 976
1 500 3105		SKILLS DEVELOPMENT LEVY	18 198
Sub-section	Total:		307 331
Sub-section	:	37 DEPRECIATION	
1 500 3700		DEPRECIATION	629 052
Sub-section	Total:		629 052
Sub-section	:	38 REPAIRS & MAINTENANCE	
1 500 3802		BUILDINGS & STRUCTURES	15 000
1 500 3803		DAM	50 000
1 500 3804		EQUIPMENT	12 000
1 500 3805		GROUNDS	1 000
1 500 3806		PUMPS	2 500
1 500 3807		VEHICLES	25 000



1 500 3810	TRACTORS & TRAILERS	35 000
1 500 3816	COMMONAGE	2 000

Sub-section Total: **142 500**

Sub-section : 44 GENERAL EXPENSES

1 500 4403	FUEL & OIL	120 000
1 500 4407	SECURITY	0
1 500 4410	SUNDRY	5 000
1 500 4421	ADMINISTRATION	192 848
1 500 4423	ELECTRICITY	5 000
1 500 4429	TELEPHONE	2 000
1 500 4430	WATER	2 000
1 500 4431	LEASE STAFF QUARTERS	135 000
1 500 4432	LOGGING / LANDSCAPING	5 000
1 500 4433	PROTECTIVE CLOTHING	55 000
1 500 4434	PUBLIC AMENITIES	0
1 500 4435	CONSUMABLES	30 000
1 500 4440	HIRE & SERVICING OF PORTABLE TOILET	105 000
1 500 4477	VEHICLE TRACKING	0
1 500 4489	VEHICLE LICENSES	10 000
	FENCING	50 000
1 500 4495	SMALL TOOLS	0

Sub-section Total: **716 848**

Sub-section : 45 PROVISIONS

1 500 4550	LEAVE PROVISION	35 993
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Sub-section Total: **35 993**

E/R/I Sub -total: **3 651 573**

Sub-section : 10 REVENUE

1 500 1004	REFUSE REMOVAL	-25 696
1 500 1012	REFUSE REMOVAL CHARGE-OUT	-24 196
1 500 1018	SANITATION CHARGE	0

Sub-section Total: **-49 892**

Sub-section : 17 OTHER REVENUE

1 500 1716	FIRE BREAKS	-36 320
1 500 1725	VENDOR PERMITS	-800



Sub-section	Total:		-37 120
E/R/I Sub	-total:		-87 013
Main Vote	Total:		3 564 560
Main Vote	:	510 TOURISM	
Sub-section	:	30 EMP RELATED COSTS - WAGES	
1 510 3000		SALARY	142 160
1 510 3002		ANNUAL BONUS	10 513
1 510 3007		OVERTIME	4 825
Sub-section	Total:		157 498
Sub-section	:	31 EMP RELATED COSTS - SOCIAL	
1 510 3102		BARGAINING COUNCIL	83
		MEDICAL AID CONTRIBUTIONS	6 358
1 510 3103		UIF	1 415
1 510 3105		SKILLS DEVELOPMENT LEVY	1 415
Sub-section	Total:		9 271
Sub-section	:	38 REPAIRS & MAINTENANCE	
1 510 3801		OFFICE FURNITURE & FITTINGS	1 500
Sub-section	Total:		1 500
Sub-section	:	44 GENERAL EXPENSES	
1 510 4404		FURNITURE & EQUIPMENT	0
1 510 4407		SECURITY	5 000
1 510 4409		SUBSISTENCE & TRAVEL	30 000
1 510 4410		SUNDRY	5 000
1 510 4422		CONFERENCES	0
1 510 4425		FAX	3 000
1 510 4427		PRINTING	10 000
		STAFF TRAINING	20 000
1 510 4429		TELEPHONE	35 000
1 510 4435		CONSUMABLES	2 000
1 510 4445		UNIFORMS	2 000
1 510 4447		ADVERTISING	50 000
1 510 4449		STANDS & EXHIBITIONS	25 000
1 510 4454		TOURISM DEVELOPMENT & EDUCATION	5 000
1 510 4457		COMPUTER COSTS	10 000
1 510 4458		LEASE OFFICE	23 137



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2009/2010

1 510 4485	RAIL PROJECT	150 000
1 510 4486	MEMBERSHIP FEES	2 500
1 510 4487	PHOTOGRAPHIC SERVICES	0
	PR - PUBLICATIONS & SPONSORSHIP	0
Sub-section Total:		377 637
Sub-section :	45 PROVISIONS	
1 510 4550	LEAVE PROVISION	826
Sub-section Total:		826
E/R/I Sub -total:		546 732
Sub-section :	I Income	
	17 OTHER REVENUE	
1 510 1712	CTO MEMBERSHIP	0
Sub-section Total:		0
E/R/I Sub -total:		0
Main Vote Total:		546 732
Main Vote :	700 PLANNING & DEVELOPMEN	
Sub-section :	30 EMP RELATED COSTS - WAGES	
1 700 3000	SALARY	578 583
1 700 3002	ANNUAL BONUS	48 215
1 700 3008	HOUSING ALLOWANCE	13 608
Sub-section Total:		640 406
Sub-section :	31 EMP RELATED COSTS - SOCIAL	
1 700 3100	MEDICAL AID CONTRIBUTIONS	13 427
1 700 3101	PENSION FUND CONTRIBUTIONS	31 831
1 700 3102	BARGAINING COUNCIL	166
1 700 3103	UIF	5 213
1 700 3105	SKILLS DEVELOPMENT LEVY	6 404
Sub-section Total:		57 041
Sub-section :	44 GENERAL EXPENSES	
1 700 4403	FUEL & OIL	30 000



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2009/2010

1 700 4406	LEGAL FEES	12 000
1 700 4409	SUBSISTENCE & TRAVEL	30 000
1 700 4410	SUNDRY	5 000
1 700 4416	VEHICLE LEASE	84 000
1 700 4421	ADMINISTRATION	40 735
1 700 4422	CONFERENCES	0
1 700 4426	PHOTOCOPIER	120 000
1 700 4427	PRINTING	20 000
1 700 4428	STAFF TRAINING	8 000
1 700 4437	IDP	50 000
1 700 4450	GEOGRAPHICAL INFO SYSTEM (GIS)	10 000
1 700 4467	PLANNING & DEVELOPMENT GRANT	0
1 700 4485	MEMBERSHIP FEES	500

Sub-section	Total:	410 235
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Sub-section : 45 PROVISIONS

1 700 4550	LEAVE PROVISION	18 141
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Sub-section	Total:	18 141
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E/R/I Sub	-total:	1 125 823
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Sub-section : 16 GRANTS RECEIVED

1 700 1629	PLANNING & DEVELOPMENT GRANT	0
1 700 1630	GIS GRANT	0

Sub-section	Total:	0
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Sub-section : 17 OTHER REVENUE

1 700 1703	SUNDRY INCOME	-17 000
	PMU Administration fee	-298 500
1 700 1707	BUILDING PLANS	-107 265
1 700 1729	PLANS FINES	-50 000

Sub-section	Total:	-472 765
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E/R/I Sub	-total:	653 058
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Main Vote	Total:	0
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Fund	Total:	0
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2009/2010

Metropolitan Area Total:

0

Local Authority Total:

0

KWA SANI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2010

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 41 in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

S P Gwacela
Municipal Manager

Date



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2009/2010

	Note	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net assets		60 241 161	50 789 160
Revaluation reserve		34 900 591	34 900 591
Accumulated Surplus		25 340 570	15 888 569
Non-current liabilities			
Long-term liabilities	1	2 082 721	2 403 647
Non-current provision	2	1 400 000	1 400 000
Current liabilities		15 300 766	11 913 682
Creditors	3	3 750 616	4 615 964
Unspent conditional grants and receipts	4	11 228 481	6 958 116
Current portion of long - term liabilities	1	321 669	339 602
Total Net Assets and Liabilities		79 024 648	66 506 489
ASSETS			
Non-current assets			
		60 885 126	52 863 837
Property,plant and equipment	6	40 227 023	32 271 745
Intangible assets	6	70 948	4 937
Investment properties	7	20 587 155	20 587 155
Current assets			
		18 139 522	13 642 652
Consumer debtors	8	2 647 624	1 509 311
Other debtors	9	604 038	51 249
Call investment deposits	10	13 230 132	9 581 605
Bank balances and cash	11	1 106 993	1 059 789
VAT	5	550 735	1 440 698
Total Assets		79 024 648	66 506 489



KWA SANI MUNICIPALITY					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE YEAR ENDED 30 JUNE 2010					
Budget 2009 R	Budget 2010 R	Note	Actual 2010 R	Actual 2009 R	
REVENUE					
7 118 457	7 375 632	Property rates	12	7 345 228	6 795 601
211 942	373 909	Property rates-penalties and charges		608 262	387 386
2 060 018	1 813 187	Service charges	13	1 688 889	1 609 248
182 000	284 842	Rental on facilities and equipment		235 518	243 906
775 929	824 037	Interest earned-external investments		488 931	792 223
150 000	250 630	Fines		41 850	122 870
1 020 252	531 321	Licences and permits		143 518	116 962
28 881 300	26 242 302	Government grants and subsidies	14	32 636 398	28 071 960
-	-	Profit on sale of property, plant and equipment		92 803	-
-	-	Revaluation of property, plant and equipment		109 429	-
-	-	Capital grants	14	8 312 966	2 383 547
108 500	579 050	Other Income	15	742 341	262 992
40 508 398	38 274 910	Total Revenue		52 446 133	40 786 695
EXPENDITURE					
6 394 587	7 669 269	Employee related costs	16	7 979 649	6 942 285
1 094 180	1 221 209	Remuneration of Councillors	17	1 140 090	1 085 805
330 000	536 470	Bad debts	25	24 905	1 468 861
1 214 997	1 026 011	Depreciation		1 413 564	1 308 564
575 375	717 400	Repairs and maintenance		476 822	682 370
180 714	137 792	Interest paid	18	132 535	163 298
-	-	Grants paid		-	-
2 609 670	5 068 466	Contracted services		4 750 837	4 758 508
5 316 575	5 502 153	General expenses	19	5 629 262	6 735 413
-	-	Interest earned - transferred to Reserve		59 406	-
22 339 300	15 780 490	Housing Projects expenditure	14	21 331 974	18 591 095
-	-	Loss on scrapping of property, plant and equipment		19 292	4 365
-	-	Impairment of property, plant and equipment		95 203	-
453 000	615 650	Contribution to Reserves		-	-
40 508 398	38 274 910	Total Expenditure		43 053 539	41 740 564
-	-	SURPLUS (DEFICIT) FOR THE YEAR		9 392 594	(953 869)
Refer to Appendix E (1) for explanations of variances					



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KWA SANI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		55 344 592	41 188 624
Cash paid to suppliers and employees		(42 319 847)	(37 034 299)
Cash generated from/(utilised in) operations	20	13 024 745	4 154 325
Interest received		488 931	792 223
Interest paid		(132 535)	(163 298)
NET CASH FLOW FROM OPERATING ACTIVITIES		13 381 141	4 783 250
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(9 439 354)	(2 947 024)
Proceeds on disposal of property, plant and equipment		92 803	
(Increase)/decrease in long - term receivables		-	13 785
(Increase)/decrease in call investment deposits		(3 648 527)	(1 405 900)
NET CASH FLOW FROM INVESTING ACTIVITIES		(12 995 078)	(4 339 139)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan raised/(repaid)		(338 859)	(478 128)
NET CASH FROM FINANCING ACTIVITIES		(338 859)	(478 128)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		47 204	(34 017)
Cash and cash equivalents at the beginning of the year		1 059 789	1 093 806
Cash and cash equivalents at the end of the year	21	1 106 993	1 059 789



**KWA SANI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards and principles contained in Directive 3 and 5 issued by the Accounting Standards Board ("ASB") in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraphs and applicable to the operations of the municipality, defined as Generally Recognised Accounting Practice ("GRAP"), comprises the approved and effective standards of GRAP, together with certain statements of International Public Sector Accounting Standards ("IPSASs"), as well as International Financial Reporting Standards ("IFRS"), comprising International Accounting Standards ("IAS"), in cases where a relevant standard of GRAP has not been issued. The standards therefore applicable to these financial statements, are :

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 5 Borrowing Costs

GRAP 6 Consolidated and Separate Financial Statements

GRAP 9 Revenue from Exchange Transactions

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the Reporting Date

GRAP 16 Investment property

GRAP 17 Property, Plant and Equipment

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GAMAP 9 Paragraphs relating to Revenue from Non-Exchange Transactions

GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations

GRAP 102 Intangible Assets

IPSAS 20 Related Party

Disclosure

IPSAS 21 Impairment of Non Cash-Generating Assets

IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

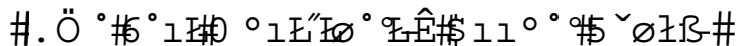
IAS 32 Financial Instruments: Presentation

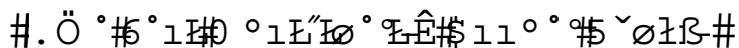
IAS 36 Impairment of Assets

IAS 39 Financial Instruments: Recognition and Measurement

1.1 Changes in accounting policy and comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:





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also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

2.3 Depreciation

Land is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives, are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

The annual depreciation rates are based on the following estimated asset lives:

Infrastructure

Roads and Paving
Taxi Ranks

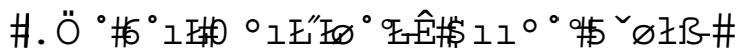
Years

10 and 20
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Other

Building
Vehicles
Disaster Management
Office equipment

Community



The assets' residual values, estimated useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives.

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

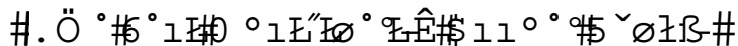
Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.


2.9.1 Cash generating assets

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than




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The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36/AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of cash generating assets has been performed for the year ended 30 June 2010 in accordance with the requirements of IAS 36/AC128 and GRAP 3.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36/AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of non-cash generating assets has been performed for the year ended 30 June 2010 (and not retrospectively) in accordance with the requirements of IPSAS 21.

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense when incurred.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Development assets are tested for impairment annually, in accordance with IPSAS 21/ IAS 36.

Intangible assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The municipality does not recognise electricity servitudes arising from a legal right as intangible assets.

3.2 Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying

amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3.4 Transitional Provisions

Costs incurred on intangible assets (other than on computer software, websites and the valuation roll) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. The municipality accounted for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial year ended 30 June 2010 (and retrospectively, where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 3.

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

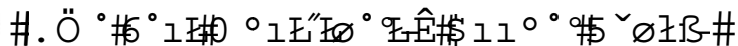
At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant



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and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

4.2 Subsequent Measurement - Fair Value Model

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined annually by external valuers at the reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4.3 Transitional Provisions

Investment properties were recognised in terms of IAS 40 and subsequently measured in accordance with the cost model, but the fair values were not disclosed in the previous financial year as required by IAS 40 as this requirement was exempted in terms of General Notice 522 of 2007. The fair values of investment properties recognised in terms of GRAP 16 have been disclosed for the financial year ended 30 June 2009 (and retrospectively where practicable) in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 3.

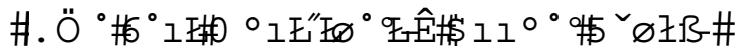
5. FINANCIAL INSTRUMENTS


The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

5.1 Financial Assets - Classification

A financial asset is any asset consisting of cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors
- Short-term Investment Deposits




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In accordance with IAS 39.09, the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Short-term Investment Deposits – Call

Bank Balances and Cash

Available for sale investments

Loans and receivables

Loans and receivables

Loans and receivables

Held-to-maturity investments

- they are classified as held for trading; or

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables:

- Held-to-Maturity Investments; or

- Financial assets at fair value through the Statement of Financial Performance.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities

- Certain Other Creditors (see note 7)

- Bank Overdraft



- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

There are two main categories of Financial Liabilities, the classification determining how they are measured.

Financial liabilities may be measured as:

- Fair value through profit or loss;
- or
- Other financial liabilities.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the Financial Liabilities of the municipality are all classified as "Other financial liabilities".

5.3 Initial and Subsequent Measurement

5.3.1 Financial Assets:

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Fair Value and Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

5.3.2 Financial Liabilities:

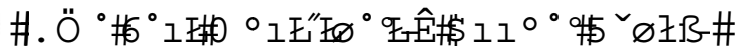
Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest rate method.

5.4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as





accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of the new IAS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IAS 32 and IFRS 7 and GRAP 3.

Financial instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 39.43, IAS 39 AG.64, IAS 39 AG.65, IAS 39 AG.79, SAICA Circular 9 and GRAP 3.

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

6.1 Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in the notes to the annual financial statements.

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Risk management of Financial Assets and Liabilities are presented and disclosed for the financial year ended 30 June 2010 (and retrospectively, where practicable) in accordance with the requirements of IFRS 7 and GRAP 3.

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates.

- Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.
- Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Management has assessed the impact of interest rate risk on the operations of the municipality and considers the risk to be negligible.

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Dividends are recognised on the date that the Municipality becomes entitled to receive the dividends.

Income for agency services is recognised on a monthly basis once the income collected

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

8.3 Revenue from Non-exchange Transactions

8.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

8.3.2 Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

8.3.3 Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

8.3.4 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

8.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

8.4 Transitional Provisions

Revenue was initially recognised at cost and not at fair value in the previous financial year as the requirements of GAMAP 9.12 and SAICA circular 09/2006, which states that revenue should be recognised initially at fair value through discounting all future receipts using an imputed rate of return, have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year



ended 30 June 2009 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 SAICA circular 09/2006.

9. GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

10. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

11. EMPLOYEE BENEFITS

11.1 Short-term Employee

Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs. The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

11.2 Defined Contribution Plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.



11.3 Defined Benefit Plans

11.3.1 Pension obligations

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12.1 The Municipality as Lessee

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital



Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or installment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2009, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2009) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2010 in accordance with the requirements of GRAP 5 and ASB Directive 3.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

The Municipality accounts for Value Added Tax on the payments basis.

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

16. UNAUTHORISED EXPENDITURE



Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Although the retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality), the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the retrospective application, where practicable, of changes in accounting policies affected by management in the previous financial year. The municipality continued to apply changes in accounting policies affected by management retrospectively, where practicable, for the financial year ended 30 June 2010 in accordance with the requirements of GRAP 3.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.





KWA SANI MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010			
	2010 R	2009 R	
1. LONG - TERM LIABILITIES			
Annuity liability	2 404 390	2 710 559	
Capitalised lease liabilities	-	5 881	
Instalment sale liability	-	27 552	
	2 404 390	2 743 992	
Less : Finance charges	-	(743)	
	2 404 390	2 743 249	
Less : Current portion transferred to current liabilities	(321 669)	(339 602)	
Total long-term liabilities	2 082 721	2 403 647	
Refer to Appendix A for more detail on long-term liabilities.			
The annuity liability is secured over investment deposits of R 977,104 (2009 : R 977,104) (see note 10).			
2. NON - CURRENT PROVISION	1 400 000	1 400 000	
Provision for the rehabilitation of the refuse sites.			
The current estimated cost is still to be established.			
3. CREDITORS			
Trade creditors	1 618 731	3 338 014	
Retention creditors	840 376	178 978	
Debtors credit balances	493 804	380 570	
Staff leave	649 404	566 157	
Other creditors	148 301	152 245	
Total creditors	3 750 616	4 615 964	
4. UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
4.1 Conditional grants from other spheres of Government			
Specific Projects (see note 14)	6 817 284	4 648 123	
4.2 Other Conditional Receipts			
ESCOM - free electricity (see note 14)	169 820	223 912	
Free basic services (see note 14)	296 372	296 372	
Housing Projects (see note 14)	3 945 005	1 789 709	
Total Conditional Grants and Receipts	11 228 481	6 958 116	
See Note 14 for reconciliation of grants from all spheres of government. These amounts are invested in ring-fenced investments until utilised.			
5. VAT			
VAT refundable	550 735	1 440 698	
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS			



KWA SANI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

6. PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings	Infrastruc- ture	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2009	19 742 604	8 166 560	3 407 430	955 152	32 271 746
Cost	2 433 448	14 939 142	3 670 500	2 685 279	23 728 369
Revaluation	17 918 756	(3 638 165)	-	-	14 280 591
Accumulated depreciation	(609 600)	(3 134 417)	(263 070)	(1 730 127)	(5 737 214)
- Cost	(609 600)	(3 134 417)	(263 070)	(1 730 127)	(5 737 214)
- Revaluation	-	-	-	-	-
Acquisitions			9 192 438	246 916	9 439 354
Revaluation			10 458	3 768	14 226
Intangible assets transfers				(141 980)	(141 980)
Impairments					-
Depreciation	(90 038)	(743 051)	(223 028)	(357 447)	(1 413 564)
Adjustments and scrappings	0	1	19 053	38 187	57 241
Cost/revaluation		1	(7 226)	(644 734)	(651 959)
Accumulated depreciation			26 279	682 921	709 200
Carrying values at 30 June 2010	19 652 566	7 423 510	12 406 351	744 596	40 227 023
Cost	2 433 448	14 939 143	12 855 712	2 145 481	32 373 784
Revaluation	17 918 756	(3 638 165)	10 458	3 768	14 294 817
Accumulated depreciation	(699 638)	(3 877 468)	(459 819)	(1 404 653)	(6 441 578)
- Cost	(699 638)	(3 877 468)	(459 819)	(1 404 653)	(6 441 578)
- Revaluation	-	-	-	-	-

Land is stated at values at 1 July 2008, provided by the municipality's valuer.
Buildings are stated at values at 1 July 2008, provided by the municipality's valuer, and the cost of additions subsequent to 1 July 2008.

6. INTANGIBLE ASSETS
30 JUNE 2010

Reconciliation of Carrying Value

Carrying values
at 1 July 2009

	2010 R	2009 R
Cost	245 917	240 589
Accumulated depreciation	(240 980)	(192 471)
Transfers	9 973	-
Cost	65 261	-
Accumulated depreciation	(55 288)	- 81
Acquisitions	76 719	5 328
Depreciation	(20 681)	(48 509)

Carrying values



KWA SANI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
7. INVESTMENT PROPERTIES			
Carrying value at beginning of the year		20 587 155	20 587 155
Loss on valuation		-	-
Gain on valuation		-	-
Sale of properties		-	-
Carrying value at end of the year		20 587 155	20 587 155
8. CONSUMER DEBTORS			
Service debtors			
Rates		3 544 200	2 515 815
Refuse		626 010	534 204
Sundry		122 174	131 645
		4 292 384	3 181 664
Less: Provision for bad debts		(1 644 760)	(1 672 353)
Total		2 647 624	1 509 311
There were no arrears owed by Councillors outstanding for more than 90 days during the financial year.			
<u>Rates:Ageing</u>			
Current (0-30 days)		223 159	334 112
31 - 60 Days		375 938	307 232
61 - 90 Days		252 192	266 540
91 - 120 Days		220 769	260 326
120 + Days and more		2 472 142	1 347 605
Total		3 544 200	2 515 815
<u>Refuse and Sundry:Ageing</u>			
Current (0-30 days)		19 333	123 007
31 - 60 Days		88 619	72 145
61 - 90 Days		70 779	89 692
91 - 120 Days		57 000	56 257
120 + Days and more		512 453	324 748
Total		748 184	665 849
The debtors system does not cater for customer classification of debtors, nor does it cater for further ageing of the 120+Days and more categories.			
<u>Reconciliation of the Bad Debt Provision</u>			
Balance at beginning of the year		1 672 353	304 430
Contribution to provision		24 905	1 455 075
Bad debts written off against the provision		(52 498)	(87 152)
Balance at end of the year		1 644 760	1 672 353
Bad debts written off in the Statement of Financial Performance		-	13 786
9. OTHER DEBTORS			
Payments in advance		46 415	46 415
Other		557 623	4 834
		604 038	51 249
Less: Provision for bad debts		-	-
Total Other Debtors		604 038	51 249

KWA SANI MUNICIPALITY		
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010		
	2010 R	2009 R
10. CALL INVESTMENT DEPOSITS		
Other deposits	13 230 132	9 581 605
Deposits of R 1,159,832 (2009 : R1,165,537) will be ring-fenced and attributable to the Capital Replacement Reserve.		
Further deposits of R 11,228,481 (2009 : R 6,958,116) have also been ring-fenced to cover unspent conditional grants and receipts.		
Deposits of R 977,104 at 30 June 2010 (2009 : R 977,104) have been ceded to the Development Bank of SA (DBSA) as collateral for the loan of R 3,417,312 taken up from DBSA. (see note 1)		
11. BANK BALANCES AND CASH		
11.1 The Municipality has the following bank accounts:		
Current Account (Primary Bank Account)		
First National Bank-Underberg Branch		
Account Number 62026224999		
Cash book balance at beginning of year	21 458	178 024
Cash book balance at end of year	145 331	21 458
Bank Statement balances at beginning of year	34 329	241 855
Bank Statement balances at end of year	144 438	34 329
Business Cheque Accounts		
First National Bank-Underberg Branch		
Account Number 62026225046		
Cash book balances at beginning of year	948 238	823 791
Cash book balances at end of year	872 757	948 238
Bank statement balances at beginning of year	948 238	823 791
Bank statement balances at end of year	872 757	948 238
Standard Bank-Pietermaritzburg Branch		
Account Number 0520700336		
Cash book balance at beginning of year	88 922	89 858
Cash book balance at end of year	87 974	88 922
Bank statement balance at beginning of year	88 922	89 858
Bank statement balance at end of year	87 974	88 922
Total cash book balances at end of year	1 106 062	1 058 618
11.2 Cash balances	931	1 171
Total bank balances and cash	1 106 993	1 059 789



KWASANI MUNICIPALITY				
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010				
			2010 R	2009 R
12. PROPERTY RATES				
Actual				
Residential			3 580 335	3 463 885
Commercial			3 234 584	3 082 580
State			530 309	249 136
Municipal			-	-
Total Assessment Rates			7 345 228	6 795 601
Valuations				
Residential			605 169 300	563 715 355
Commercial			1 821 093 100	1 837 612 400
State			60 047 000	60 047 000
Municipal			42 365 000	42 935 000
Total Property Valuations			2 528 674 400	2 504 309 755
13. SERVICE CHARGES				
Refuse removal			1 683 977	1 602 924
Sundry charges			4 912	6 324
Total Service Charges			1 688 889	1 609 248
14. GOVERNMENT GRANTS AND SUBSIDIES				
Equitable Share			7 103 345	5 281 001
Specific Projects			4 146 987	3 045 689
Free Electricity			54 092	1 041 356
Free Basic Services			-	112 819
Housing Projects			21 331 974	18 591 095
Total Government Grants and Subsidies			32 636 398	28 071 960
14.1 Equitable share				
This grant has been used to cover operating expenditure.				
14.2 Specific Projects				
Balance unspent at beginning of year			4 648 123	3 911 211
Current year receipts			14 859 386	6 166 148
Gijima Hand Craft Project			(180 831)	-
Capital expenditure funded - transferred to revenue			(8 312 966)	(2 383 547)
Conditions met - transferred to sundry income			(49 441)	-
Conditions met - transferred to revenue			(4 146 987)	(3 045 689)
Conditions still to be met - transferred to liabilities (see note 4)			6 817 284	4 648 123
14.3 ESCOM-free electricity				
Balance unspent at beginning of year			223 912	1 099 656
Current year receipts			-	165 612
Conditions met - transferred to revenue			(54 092)	(1 041 356)
Conditions still to be met - transferred to liabilities (see note 4)			169 820	223 912
14.4 Free basic services				
Balance unspent at beginning of year			296 372	409 191
Current year receipts			-	-
Conditions met - transferred to revenue			-	(112 819)
Conditions still to be met - transferred to liabilities (see note 4)			296 372	296 372
14.5 Housing Projects				
Balance unspent at beginning of year			1 789 709	(50 921)
Current year receipts			23 487 270	20 431 725
Expenditure funded - transferred to revenue and expenditure			(21 331 974)	(18 591 095)
Conditions still to be met - transferred to liabilities (see note 4)			3 945 005	1 789 709



KWA SANI MUNICIPALITY		
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010		
	2010 R	2009 R
Note 14 (continued)		
14.6 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
15. OTHER INCOME		
Building plans	81 660	100 435
Tourism	-	(600)
Refund of portable toilets costs	406 543	-
Sale of trees	76 000	-
Other income	178 138	163 158
Total Other Income	742 341	262 993
16. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	6 733 549	5 281 947
Employee related costs - Contributions to UIF, pensions and medical aids	777 289	726 923
Travel, motor car, accommodation, subsistence and other allowances	-	7 541
Housing benefits and allowances	25 064	31 320
Overtime payments	443 747	894 554
Performance bonus	-	-
Total Employee Related Costs	7 979 649	6 942 285
There were no advances to employees.		
Remuneration of the Municipal Manager		
Annual Remuneration	623 516	562 571
Performance Bonuses	-	-
Car Allowance	-	-
Other Allowances	-	-
Contributions to UIF, Medical and Pension Funds	-	1 497
Total	623 516	564 068
Remuneration of the Chief Finance Officer		
Annual Remuneration	466 961	333 844
Performance Bonuses	-	-
Housing subsidy	3 327	8 856
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	43 694	100 599
Total	513 982	443 299
Remuneration of Head of Community and Technical Services		
Annual Remuneration	375 318	333 844
Performance Bonuses	-	-
Housing subsidy	8 129	8 856
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	19 883	12 812
Total	403 330	355 512



KWA SANI MUNICIPALITY				
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010				
			2010 R	2009 R
17. REMUNERATION OF COUNCILLORS				
Mayor			278 979	192 039
Deputy Mayor			225 286	137 209
Councillors			635 825	756 557
Total			1 140 090	1 085 805
18. INTEREST PAID				
External loans			132 535	163 298
Creditors			-	-
Total			132 535	163 298
19. GENERAL EXPENSES				
Subsistence and travel			749 137	870 016
Electricity			113 301	84 005
Photocopiers			226 430	196 371
Printing			226 795	213 243
Staff training			39 449	28 853
Telephone			346 484	365 489
Advertising			137 990	16 735
Computer costs			96 568	115 574
Free basic services			54 092	1 154 175
Stationery			89 764	62 408
Audit fees			660 269	322 048
Fuel and oil			329 570	354 751
Insurances			216 493	192 387
Legal and collection costs			172 367	188 226
Special and youth programmes			113 034	141 005
Public participation			45 084	124 089
Contributions to staff leave provision			221 870	345 848
Disaster management			404 964	332 486
Street lights electricity			94 746	72 667
Refuse bags			49 654	61 252
Lease for staff quarters			137 501	148 848
Hire of portable toilets			156 416	126 488
Integrated Development Plan			24 236	214 411
Other general expenses			923 048	1 004 038
			5 629 262	6 735 413



KWA SANI MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010			
	2010	2009	
	R	R	
20. CASH GENERATED BY OPERATIONS			
Surplus (Deficit) for the year	9 392 594	(953 869)	
Adjustment for: -			
Depreciation	1 413 564	1 308 564	
Contribution to bad debts provision	24 905	1 455 075	
Expenditure charged to bad debts provision	(52 498)	(87 152)	
Profit on sale of property, plant and equipment	(92 803)	-	
Revaluation of property, plant and equipment	(109 429)	-	
Loss on scrapping of property, plant and equipment	19 292	4 365	
Impairment of property, plant and equipment	95 203	-	
Investment income	(488 931)	(792 223)	
Interest paid	132 535	163 298	
Investment income : Capital Replacement Reserve	59 406	-	
Operating surplus before working capital changes:	10 393 838	1 098 058	
(Increase)/decrease in consumer debtors	(1 110 720)	(771 064)	
(Increase)/decrease in other debtors	(552 789)	200 310	
Increase/(decrease) in unspent conditional grants and receipts	4 270 365	1 588 979	
Increase/(decrease) in creditors	(865 348)	2 446 500	
Adjustments to property, plant and equipment	(564)	-	
(Increase)/decrease in VAT	889 963	(408 458)	
Cash generated by / (utilised in) operations	13 024 745	4 154 325	
21. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:			
Bank balances and cash	1 106 993	1 059 789	
22. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
22.1 Contributions to organized local government			
Opening balance	-	-	
Council subscriptions	-	37 100	
Amount paid - current year	-	(37 100)	
Amount paid - previous years	-	-	
Balance unpaid	-	-	
22.2 Audit fees			
Opening balance	-	-	
Previous year audit fee	660 269	327 843	
Amount paid - previous years	(654 190)	(327 843)	
Balance unpaid (included in creditors)	6 079	-	
The balance unpaid represents the estimated costs not paid at 30 June			
22.3 VAT			
VAT inputs receivables and VAT outputs payable are shown in note 5. All Vat returns have been submitted by the due date throughout the year.			
22.4 PAYE, UIF and SDL			
Opening balance	-	-	
Current year payroll deductions and Council Contributions	1 087 880	990 145	
Amount paid - current year	(1 087 880)	(990 145)	
Balance unpaid	-	-	



KWA SANI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
22.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	986 037	823 490
Amount paid - current year	(986 037)	(823 490)
Amount paid - previous years	-	-
Balance unpaid	-	-
23. LEASES		
Operating Leases		
The future minimum lease payments payable under operating leases for the actual liability are as follows :		
No later than 1 year	408 322	410 999
Later than 1 year and no later than 5 years	738 941	1 147 263
Later than 5 years	-	-
	1 147 263	1 558 262
The future minimum lease payments receivable under operating leases for the actual receivables are as follows :		
No later than 1 year	301 774	274 340
Later than 1 year and no later than 5 years	1 540 585	1 842 359
Later than 5 years (cannot be determined)		
	1 842 359	2 116 699
24. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
-Approved and contracted for	16 295 718	31 770 731
<i>Infrastructure</i>	-	-
<i>Community</i>	939 293	941 870
<i>Other - Housing Projects</i>	15 356 425	30 828 861
-Approved but not yet contracted for	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
<i>Other - Housing Projects</i>	-	-
Total	16 295 718	31 770 731
This expenditure will be financed from;		
-External Loans	-	-
-Capital Replacement Reserve	-	-
-Government Grants	16 295 718	31 770 731
-Own resources	-	-
Total	16 295 718	31 770 731
25. BAD DEBTS		
Staff loan written off	-	13 786
Contributions to the provision for bad debts	24 905	1 455 075
	24 905	1 468 861



KWA SANI MUNICIPALITY		
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010		
	2010	2009
	R	R
26. CONTINGENT LIABILITY	-	-
27. RETIREMENT BENEFIT INFORMATION		
The personnel are members of the Natal Joint Municipal Pension Funds.		
The following information is taken from an interim actuarial valuation report of the Retirement Fund as at 31 March 2008.	Retirement Fund	
Surplus in respect of pensioners	R 195,9 million	
Funding level	134,7%	
Shortfall in respect of members	R(170,6)million	
Funding level	82,6%	
The Funds did not hold an investment reserve.		
An amount of R 468,856 (2009 : R 438,219) was contributed by Council in respect of employees retirement funding.		
These contributions have been expensed.		
28. CORRECTION OF ERROR		
Investment properties		
Investment properties have been identified and disclosed in the Statement of Financial Position.		
Their value is stated at R 20,587,155.		
The 2009 comparative figures have been re-stated as follows :		
<u>Previously stated</u>		
Property,plant and equipment		52 858 900
<u>Now stated</u>		
Property,plant and equipment		32 271 745
Investment properties		20 587 155
		52 858 900
The affected balances and amounts are detailed in the Statement of Changes in Net Assets on page 4.		
29. UNAUTHORISED EXPENDITURE / FRUITLESS AND WASTEFUL EXPENDITURE		
There was no unauthorised, fruitless and wasteful expenditure.		
30. OTHER DISCLOSURES		
30.1 Subsequent events		
There have been no events subsequent to 30 June 2009 which affect or impact upon these financial statements.		
30.2 Related parties		
There are no related parties transactions.		
30.3 Non-current assets and discontinued operations		
There are no non-current assets held for sale, and none of the operations have been discontinued.		



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2009/2010

		APPENDIX A						
		KWA SANI MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010						
EXTERNAL LOANS		Redeemable	Balance at 30.06.2009	Received during the year	Redeemed during the year	Balance at 30.06.2010	Carrying Value of Property, Plant and Equipment	
			R	R	R	R	R	
Development Bank of SA annuity liability @ 5.0%		Half yearly, ending January 2017	2 710 559		(306 169)	2 404 390	2 382 205	
Capitalised lease liability @ 11.25%		Monthly, ending July 2009	5 881		(5 881)	-	35 592	
Instalment sale liability @ 13.079%		Monthly, ending December 2009	27 552		(27 552)	-	38 842	
			2 743 992	0	(339 602)	2 404 390	2 456 639	



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2009/2010

APPENDIX B													
KWA SANI MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010													
	Cost /Revaluation					Accumulated Depreciation					Value Before	Revaluation	Carrying
	Opening	Additions	Reallocations	Disposals	Closing	Opening	Additions	Reallocations	Disposals	Closing	Revaluation	(Impairment)	Value
	Balance	2009/2010	2009/2010	2009/2010	Balance	Balance	2009/2010	2009/2010	2009/2010	Balance	Impairment		30/06/2010
													Budget
													Additions
													2010
Land and Buildings													
Land	13 320 000				13 320 000	-				-	13 320 000		13 320 000
Buildings (Office)	5 912 204				5 912 204	422 706	75 651			498 357	5 413 847		5 413 847
Building (Shed erf 239)	390 000				390 000	-				0	390 000		390 000
Building (Old office erf 178)	250 000				250 000	-				0	250 000		250 000
Buildings (Library, LCH)	-				-	160 189	11 601			171 790	(171 790)		(171 790)
Fire Engine Garage(Building)	-				-	-				0	0		0
LCH Community Hall	480 000				480 000	2 585	861			3 546	476 454		476 454
Informal Trading Kiosk(Building)	-				-	23 673	1 883			25 556	(25 556)		(25 556)
Public Toilets(Building)	-				-	347	42			389	(389)		(389)
	20 352 204	-	0	-	20 352 204	609 600	90 038	-	-	699 638	19 652 566	0	19 652 566
Infrastructure													
Roads,Streets,Taxi ranks	11 300 977			1	11 300 978	3 134 417	743 051			3 877 468	7 423 510		7 423 510
	11 300 977	0	1	-	11 300 978	3 134 417	743 051	-	-	3 877 468	7 423 510	0	7 423 510
Community Assets													
Refuse Dump	1 353 746	18 171	17 544	(24 770)	1 364 691	244 978	78 167	(10 667)	(15 612)	296 866	1 067 825	10 458	1 078 283
Halls and Creches	2 316 754	8 737 301			11 054 055	18 092	144 861			162 953	10 891 102		10 891 102
Sports Fields	-	436 966			436 966	-				-	436 966		436 966
	3 670 500	9 192 438	17 544	(24 770)	12 855 712	263 070	223 028	(10 667)	(15 612)	459 819	12 395 893	10 458	12 406 351
Other Assets													
Motor Vehicles	1 207 837			(461 444)	746 393	828 881	195 681		(461 444)	563 118	183 275		183 275
Plant and Machinery/Equipment	663 898		(11 123)	(32 353)	620 422	365 086	44 269	10 667	(30 523)	389 499	230 923	(67 814)	163 109
Emergency Equipment	47 678		(5 889)		41 789	30 746	2 997			33 743	8 046	9 977	18 023
Office Equipment	688 005	197 167	532	(120 156)	765 548	578 032	66 152		(114 725)	529 459	236 089	37 949	274 038
Office Furniture & Fittings	323 778	49 749	1	(14 302)	359 226	168 362	48 348	502	(11 429)	205 783	153 443	23 656	177 099
Total Other Assets	2 931 196	246 916	(16 479)	(628 255)	2 533 378	1 971 107	357 447	11 169	(618 121)	1 721 602	811 776	3 768	815 544
Intangible assets													
- disclosed separately	38 254 877	9 439 354	1 066	(653 025)	47 042 272	5 978 194	1 413 564	502	(633 733)	6 758 527	40 283 745	14 226	40 297 971
	(245 917)	(76 719)	(65 261)		(387 897)	(240 980)	(20 681)	(55 288)		(316 949)	(70 948)		(70 948)
Total Fixed Assets	38 008 960	9 362 635	(64 195)	(653 025)	46 654 375	5 737 214	1 392 883	(54 786)	(633 733)	6 441 578	40 212 797	14 226	40 227 023
Housing Projects	26 935 629	21 331 974			48 267 603	-	-	-	-	-	48 267 603		48 267 603
Total	64 944 589	30 694 609	(64 195)	(653 025)	94 921 978	5 737 214	1 392 883	(54 786)	(633 733)	6 441 578	88 480 400	14 226	88 494 626
													21 596 140



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2009/2010

				APPENDIX C													
KWASANI MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT				30 JUNE 2010													
	Cost					Accumulated Depreciation					Value Before Revaluation (Impairment)	Revaluation (Impairment)	Carrying Value 30/06/2010				
	Opening Balance	Additions 2009/2010	Reallocations 2009/2010	Disposals 2009/2010	Closing Balance	Opening Balance	Additions 2009/2010	Reallocations 2009/2010	Disposals 2009/2010	Closing Balance							
Administration	1 130 015	246 916	534	(132 215)	1 245 250	806 803	148 191	502	(123 909)	831 587	413 663	53 730	467 393				
Council	22 147 773	9 174 267	(17 012)		31 305 028	407 954	220 512			628 466	30 676 562		30 676 562				
Library	396 334			(2 243)	394 091	201 611	15 840		(2 244)	215 207	178 884	7 875	186 759				
Licensing	20 810				20 810	11 059	1 974			13 033	7 777		7 777				
Traffic	298 887			(70 799)	228 088	216 174	40 423		(70 799)	185 798	42 290		42 290				
Refuse Removal	1 778 471	18 171	17 544	(376 270)	1 437 916	569 085	150 014	(10 667)	(365 312)	343 120	1 094 796	(76 851)	1 017 945				
Town Estates	12 351 215			(71 498)	12 279 717	3 701 917	833 613	10 667	(71 469)	4 474 728	7 804 989	19 495	7 824 484				
Fire Services	131 372				131 372	63 591	2 997			66 588	64 784	9 977	74 761				
	38 254 877	9 439 354	1 066	(653 025)	47 042 272	5 978 194	1 413 564	502	(633 733)	6 758 527	40 283 745	14 226	40 297 971				
Intangible assets - disclosed separately	(245 917)	(76 719)	(65 261)		(387 897)	(240 980)	(20 681)	(55 288)		(316 949)	(70 948)		(70 948)				
TOTAL	38 008 960	9 362 635	(64 195)	(653 025)	46 654 375	5 737 214	1 392 883	(54 786)	(633 733)	6 441 578	40 212 797	14 226	40 227 023				



APPENDIX D

**KWA SANI MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010**

2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)		2010 Actual Income	2010 Actual Expenditure	2010 Surplus / (Deficit)
R	R	R		R	R	R
6 795 601	-	6 795 601	Rates	7 345 228		7 345 228
10 721 894	7 939 121	2 782 773	Finance and Administration	12 962 609	8 657 629	4 304 980
41 580	4 758 396	(4 717 316)	Executive and Council	-	3 481 216	(3 481 216)
98 545	1 833 345	(1 735 300)	Public Safety	35 100	1 817 164	(1 782 064)
141 287	766 501	(625 314)	Road Transport	141 500	583 714	(442 214)
4 666	234 738	(230 072)	Community and Social Services	2 238	211 370	(209 132)
1 609 248	1 960 490	(351 242)	Waste Management	1 736 207	1 591 624	144 583
10	3 830 152	(3 830 142)	Other (Works)	450 682	3 873 958	(3 423 276)
399 822	1 460 376	(1 061 054)	Planning and Development	127 629	1 117 547	(989 918)
(600)	364 750	(365 350)	Tourism	-	387 343	(387 343)
2 383 547	-	2 383 547	Government Grants for capital expenditure	8 312 966	-	8 312 966
18 591 095	18 591 095	-	Housing Projects	21 331 974	21 331 974	-
40 786 695	41 740 564	(953 869)	TOTAL	52 446 133	43 053 539	9 392 594



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2009/2010

APPENDIX E (1)					
KWA SANI MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)					
FOR THE YEAR ENDED 30 JUNE 2010					
	2010 Actual R	2010 Budget R	2010 Variance R	%	Explanation of Significant Variances greater than 10%
REVENUE					
Property rates	7 345 228	7 375 632	(30 404)	(0.4)	Not applicable
Property rates-penalties and charges	608 262	373 909	234 353	62.7	Increase is due to less debtor recoveries than budgeted.
Service charges	1 688 889	1 813 187	(124 298)	(6.9)	Not applicable
Rental on facilities and equipment	235 518	284 842	(49 324)	(17.3)	In 2009 arrear rental from Sisonke was received, and this led to the 2010 income being over-budgeted for.
Interest earned-external investments	488 931	824 037	(335 106)	(40.7)	Income over-budgeted.
Fines	41 850	250 630	(208 780)	(83.3)	Department not fully functional due to vacancy and illness.
Licences and permits	143 518	531 321	(387 803)	(73.0)	Income over-budgeted - Department was shut down by the Department of Transport in June 2008.
Government grants and subsidies	32 636 398	26 242 302	6 394 096	24.4	Income under-budgeted and progress on the housing projects was quicker than budgeted for.
Profit on sale of property, plant and equipment	92 803	-	92 803	100.0	Not budgeted for.
Revaluation of property, plant and equipment	109 429	-	109 429	100.0	Not budgeted for.
Capital grants	8 312 966	-	8 312 966	100.0	Not budgeted for - change in GRAP requirements.
Other Income	742 341	579 050	163 291	28.2	Mainly because refund for portable toilets costs was not budgeted for.
Total Revenue	52 446 133	38 274 910	14 171 223		
EXPENDITURE					
Employee related costs	7 979 649	7 669 269	(310 380)	(4.0)	Not applicable
Remuneration of Councillors	1 140 090	1 221 209	81 119	6.6	Not applicable
Bad debts	24 905	536 470	511 565	95.4	The provision for bad debts was increased significantly in 2009 - after the 2010 budget was approved.
Depreciation	1 413 564	1 026 011	(387 553)	(37.8)	The budgeted expense was under-stated.
Repairs and maintenance	476 822	717 400	240 578	33.5	The budgeted roads repairs were not undertaken because of lack of funds.
Interest paid	132 535	137 792	5 257	3.8	Not applicable
Grants paid	-	-	-	-	Not applicable
Contracted services	4 750 837	5 068 466	317 629	6.3	Not applicable
General expenses	5 629 262	5 502 153	(127 109)	(2.3)	Not applicable
Interest earned - transferred to Reserve	59 406	-	(59 406)	(100.0)	Not budgeted for - change in GRAP requirements.
Housing Projects expenditure	21 331 974	15 780 490	(5 551 484)	(35.2)	Progress on the housing projects was quicker than budgeted for.
Loss on scrapping of property, plant and equipment	19 292	-	(19 292)	(100.0)	Not budgeted for.
Impairment of property, plant and equipment	95 203	-	(95 203)	(100.0)	Not budgeted for.
Contribution to Reserves	-	615 650	615 650	100.0	Contribution made from Accumulated Surplus in accordance with GRAP
Total Expenditure	43 053 539	38 274 910	(4 778 629)		
(LOSS) SURPLUS FOR THE YEAR	9 392 594	-			



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2009/2010

APPENDIX E (2)					
KWA SANI MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)					
FOR THE YEAR ENDED 30 JUNE 2010					
	2010 Actual	2010 Budget	2010 Variance Amount	%	Explanation of Significant Variances greater than 5 %
	R	R	R		
Land and Buildings					
Buildings	-	-	-		
	-	-	-		
Infrastructure					
Roads, Streets, Taxi Ranks	-	-	-		
	-	-	-		
Community Assets					
Refuse Dump	18 171		(18 171)	(100)	The expenditure was necessary, but was not budgeted for.
Halls and Creches	8 737 301	5 650 000	(3 087 301)	(55)	Progress on the projects was quicker than budgeted for, and grant funds were made available.
Sports Fields	436 966		(436 966)	(100)	The expenditure was necessary, and grant funds were made available.
	9 192 438	5 650 000	(3 542 438)		
Other Assets					
Motor Vehicles	-	-	-		
Plant and Machinery	-	100 600	100 600	100	The needed items were revised.
Emergency Equipment	-	-	-		
Office Equipment	197 167	2 200	(194 967)	(8 862)	The needed items were revised.
Office Furniture & Fittings	49 749	62 850	13 101	21	The furniture purchased was a saving on budget
	246 916	165 650	(81 266)		
Capitalised	9 439 354	5 815 650	(3 623 704)		
Housing Projects	21 331 974	15 780 490	(5 551 484)	(35)	Progress on the projects was quicker than budgeted for, and grant funds were made available.
	30 771 328	21 596 140	(9 175 188)		



APPENDIX F					
KWA SANI MUNICIPALITY: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT					
Name of Grant	Name of organ of state or municipal entity	Unspent 30.06.2009 R	Received 2010 R	Expended 2010 R	Unspent 30.06.2010 R
Equitable Share	National	-	7 103 345	(7 103 345)	-
Management Assistance Programme	Province of KZN	928 521		(656 890)	271 631
Planning Support / IDP	Province of KZN	3 068			3 068
Engineering/Capacity Building	Province of KZN	-			-
Anti Corruption	Province of KZN	163 623			163 623
Development/Planning	Province of KZN	71 217		(39 219)	31 998
Inter Department Monitoring	Province of KZN	1 646			1 646
P M S	Province of KZN	25 755			25 755
Project Consolidate	Province of KZN	74 540			74 540
Internal Control	Province of KZN	156 742		(104 110)	52 632
General valuation roll	Province of KZN	112 897			112 897
GIS/Capacity Building	Province of KZN	280 435			280 435
Dev/Admin/Capacity Building	Province of KZN	15 706			15 706
Dev/Planning/Capacity Building	Province of KZN	-			-
IDP	Province of KZN	-			-
Basic Bookkeeping	Province of KZN	104 731			104 731
Sports	Province of KZN	-	1 288 500	(428 518)	859 982.00
Gijima Hand Craft Project	Province of KZN	181 541	54 429	(180 830)	55 140
Rural Development Opportunities	DBSA	-	436 457	(436 457)	
Capacity Building	Sisonke District Municipality	116 487		(41 974)	74 513
Waste Disposal Site	Sisonke District Municipality	47 290		(18 171)	29 119
Internal Audit	Sisonke District Municipality	-			-
Municipal Finance Management Act	National Treasury	485 129	2 131 000	(2 336 709)	279 420
M S I G / Property Rates Act	National Treasury	444 571	735 000	(566 660)	612 911
M I G	National Treasury	1 434 224	10 214 000	(7 880 687)	3 767 537
		4 648 123	14 859 386	(12 690 225)	6 817 284
ESCOM - Free Electricity	National	223 912		(54 092)	169 820
Free Basic Services	National	296 372			296 372
Stepmore Housing Project	Province of KZN	(467 058)	5 640 442	(4 969 355)	204 029
Maguswana Housing Project	Province of KZN	1 800 186	17 656 943	(16 362 619)	3 094 510
Investment net income		456 581	189 885		646 466
		1 789 709	23 487 270	(21 331 974)	3 945 005
		6 958 116	45 450 001	(41 179 636)	11 228 481
NOTES					
1.No grants were delayed or withheld					
2.Conditions in terms of the Division of Revenue Act were complied with in all instances					



2009/2010

Auditor General Report

RESPONSE TO THE AUDIT REPORT